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Outsourcing Services and Performance of Hospitality Industry in Nigeria

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Abstract

The paper examined the effect of outsourcing services on performance of Hospitality industry in Nigeria. The specific objectives of this study were to: assess the effect of audit service outsourcing on the performance of Hospitality industry in Nigeria and examine the effect of legal service outsourcing on the performance of Hospitality industry in Nigeria. Outsourcing as an evolving business strategy involves a range of activities that create stakeholders' management, demand for efficiency and core competency separation all of which theoretical propositions can be leveraged for clarity. Three theories were considered and discussed based on their relevance to the study. The paper found out based on empirical evidence that audit and legal out sourcing have significant effect on Hospitality industry in Nigeria. The study concludes that outsourcing services has significant effect on performance of Hospitality industry in Nigeria. The paper recommended that Hospitality industry who subcontract their audit service to third party professionals should continue in order to sustain financial control of their firms through speedy reports, reliable report generation and efficient scrutiny of financial records.

Keywords: *Outsourcing Services, Audit Service, Legal Services and performance of Hospitality Industry.*

1.1 Introduction

There is an increasing interest on performance because modern travelers demand highly personalized experiences, sustainability, and digital innovations, all of which drive profitability and global economic stability. Globally, outsourcing has evolved from a cost-reduction strategy into a comprehensive business management tool that supports organizational flexibility, innovation, and competitiveness. The globalization of markets, digital transformation, and technological advancements have accelerated the adoption of outsourcing across industries, including hospitality. International hotel chains increasingly outsource non-core operations to specialized vendors capable of delivering high-quality services while allowing management to concentrate on strategic functions such as customer experience, marketing, and business expansion. According to the Deloitte Global Outsourcing Survey (2024), organizations continue to identify cost efficiency, access to specialized talent, and operational agility as the primary drivers of outsourcing decisions.

Outsourcing has become an important strategic management practice adopted by organizations seeking to improve operational efficiency, reduce costs, and enhance service delivery in highly competitive business environments. The concept involves transferring certain business functions or processes to external service providers that possess specialized expertise and resources. In the hospitality industry, outsourcing is commonly applied in areas such as housekeeping, security, catering, laundry services, facility management, information technology, transportation, and human resource management. As competition intensifies and customer expectations continue to evolve, hospitality organizations increasingly rely on outsourcing to focus on their core competencies while leveraging external expertise to improve organizational performance (Kumar and Eickhoff, 2023).

The hospitality industry plays a significant role in economic development by generating employment opportunities, promoting tourism, attracting foreign investment, and contributing to national gross domestic product (GDP). Hotels and related hospitality establishments operate in an environment characterized by fluctuating demand, high operating costs, labor-intensive activities, and the need for continuous service quality improvement. Consequently, managers continuously seek innovative strategies to maintain competitiveness and profitability. Outsourcing has emerged as one of the strategic approaches that enables hospitality firms to minimize operational expenses while improving service efficiency and customer satisfaction (World Travel & Tourism Council [WTTC], 2024).

Within the hospitality sector, outsourcing contributes to improved operational performance by enabling firms to access modern technologies, skilled labor, and best management practices without substantial capital investment. However, researchers also caution that poor vendor management, inadequate monitoring, and excessive dependence on contractors may negatively affect service quality and organizational reputation (Deloitte, 2024; Kumar & Eickhoff, 2023).

In the United States, outsourcing has become deeply integrated into hospitality management practices, particularly among large hotel chains and resort operators. American hospitality organizations frequently outsource housekeeping, food services, maintenance, security, customer support, and information technology functions to improve efficiency and reduce labor costs. The increasing shortage of hospitality workers following the COVID-19 pandemic further accelerated reliance on outsourced service providers to address staffing challenges.

Recent studies indicate that outsourcing has enabled American hotels to improve financial performance and operational flexibility while focusing internal resources on guest experience management and strategic planning. Nevertheless, concerns remain regarding employee commitment, quality control, and consistency in service delivery when outsourced personnel replace permanent staff (American Hotel and Lodging Association, 2024; Deloitte, 2024).

The African hospitality industry has witnessed increasing adoption of outsourcing as hotels seek to remain competitive despite infrastructure challenges, rising operational costs, and economic uncertainty. Hospitality organizations in countries such as South Africa, Kenya, Ghana, Rwanda, and Egypt commonly outsource security services, catering, laundry operations, waste management, transportation, and facility maintenance. Outsourcing enables African hotels to concentrate limited managerial resources on strategic business functions while benefiting from specialized service providers. However, inconsistent regulatory frameworks, inadequate contract enforcement mechanisms, and limited technical capacity among some service providers continue to present implementation challenges. Despite these constraints, outsourcing remains an important strategy for improving service efficiency and business sustainability within Africa's growing tourism sector (African Development Bank, 2024; WTTC, 2024).

In Nigeria, the hospitality industry has expanded considerably due to urbanization, business travel, conferences, entertainment activities, and increasing domestic tourism. Major cities such as Lagos, Abuja, Port Harcourt, Kano, and Enugu host numerous hotels that compete intensely for customers while facing rising operational expenses associated with electricity generation, security, labor, and infrastructure maintenance. To address these challenges, many Nigerian hotels have adopted outsourcing strategies for functions including security services, housekeeping, catering, laundry operations, facility maintenance, transportation, information technology support, and waste management. The objective is to reduce operating costs, improve service delivery, and enhance organizational performance. Nevertheless, the effectiveness of outsourcing varies across establishments depending on contractor competence, monitoring mechanisms, contractual arrangements, and management commitment.

Several studies suggest that while outsourcing contributes to cost savings and operational efficiency, poor supervision and inadequate quality control may reduce customer satisfaction and negatively affect hotel performance. Consequently, hospitality managers must carefully evaluate outsourcing decisions to ensure alignment with organizational objectives and service quality expectations (National Bureau of Statistics, 2024; Eze and Okoye, 2023).

Overall, outsourcing services have become an indispensable strategic tool for enhancing performance within the hospitality industry worldwide. In Nigeria, where hospitality businesses operate under challenging economic and infrastructural conditions, effective outsourcing practices have the potential to improve cost efficiency, service quality, customer satisfaction, and competitive advantage. However, realizing these benefits depends largely on proper vendor selection, contract management, performance evaluation, and continuous monitoring, thereby justifying further empirical investigation into the relationship between outsourcing services and the performance of the hospitality industry in Nigeria.

1.2 Statement of the Problem

The hospitality industry is expected to operate efficiently by delivering quality services that satisfy customers while maintaining profitability, competitiveness, and sustainable growth. In an ideal situation, hospitality organizations should be able to optimize their resources through effective management strategies, including the outsourcing of non-core activities such as housekeeping, security, laundry, information technology support, facility maintenance, catering, and transportation services. When properly implemented, outsourcing enables organizations to focus on their core business functions, reduce operational costs, access specialized expertise, improve service quality, increase operational flexibility, and enhance overall organizational performance (Kumar and Eickhoff, 2023). Consequently, hotels and other hospitality establishments should experience improved customer satisfaction, higher occupancy rates, increased revenue generation, and stronger competitive advantage.

Contrary to this ideal situation, many hospitality establishments in Nigeria continue to experience significant operational and managerial challenges despite the adoption of outsourcing practices. Rather than consistently improving efficiency and performance, outsourcing arrangements in some hotels have been associated with poor service delivery, inadequate supervision of outsourced personnel, low employee commitment, inconsistent quality standards, delayed service execution, and customer dissatisfaction. In addition, some outsourcing firms fail to provide adequately trained personnel, while weak contractual agreements and ineffective monitoring mechanisms often result in poor accountability and reduced organizational performance (Ogunnaike and Kehinde, 2022). These shortcomings have raised concerns regarding the actual effectiveness of outsourcing as a strategic management tool within the Nigerian hospitality industry.

The deviation from the expected ideal can also be attributed to the difficult operating environment facing hospitality businesses in Nigeria. High energy costs resulting from unreliable electricity supply, increasing inflation, insecurity, inadequate infrastructure, multiple taxation, and shortages of skilled labour have significantly increased operating expenses for hotels. Although outsourcing is frequently adopted as a strategy for minimizing these costs, many organizations still struggle to achieve the anticipated improvements in efficiency and service quality because outsourced vendors are not always properly selected, supervised, or evaluated. Consequently, the expected relationship between outsourcing services and organizational performance remains uncertain in many Nigerian hospitality establishments (National Bureau of Statistics [NBS], 2025).

Recognizing these challenges, the Nigerian government has introduced several initiatives aimed at improving the performance and competitiveness of the hospitality and tourism sector. The Federal Government, through agencies such as the Nigerian Tourism Development Authority (NTDA) and the Federal Ministry of Art, Culture, Tourism and the Creative **Economy**, has implemented policies designed to promote investment, improve service standards, encourage workforce development, and strengthen public-private partnerships in tourism and hospitality. Reforms under the Presidential Enabling Business Environment Council (PEBEC) have also sought to improve the ease of doing business by simplifying regulatory processes and encouraging private sector participation. In addition, various training and certification programmers have been introduced to improve professional standards and service delivery within the industry (Federal Ministry of Art, Culture, Tourism and the Creative Economy, 2025).

Despite these government efforts, the performance of many hospitality establishments remains below expectations, suggesting that structural and managerial challenges associated with outsourcing persist. More importantly, existing empirical literature has not adequately addressed these issues within the Nigerian context. Most previous studies have concentrated on outsourcing practices in sectors such as banking, manufacturing, telecommunications, healthcare, and public administration, while relatively few studies have specifically examined outsourcing within the hospitality industry. Furthermore, many available studies emphasize cost reduction and financial performance while paying limited attention to broader performance indicators such as customer satisfaction, service quality, operational efficiency, employee productivity, and competitive advantage.

There is also limited empirical evidence on how specific outsourced services—including housekeeping, security, catering, facility management, and information technology—individually and collectively influence the performance of hospitality organizations in Nigeria. In addition, findings from previous studies remain inconsistent, with some reporting positive effects of outsourcing on organizational performance while others identify negative or insignificant relationships due to poor implementation and contract management practices. These inconsistencies create a knowledge gap that necessitates further investigation. Therefore, this study seeks to fill this gap by comprehensively examining the effect of outsourcing services on the performance of the hospitality industry in Nigeria.

1.3 Objectives of the Study

The main objective of the paper was to assess the effect of outsourcing services on performance of performance of the hospitality industry in Nigeria. The specific objectives of this study were to:

i. assess the effect of audit service outsourcing on the performance of performance of the hospitality industry in Nigeria.

ii. examine the effect of legal service outsourcing on the performance of performance of the hospitality industry in Nigeria.

2.0 Literature Review

This section provides a systematic review of essential literature by unveiling theoretical framework, proposing conceptual framework and going further, an empirical foundation for the research is provided.

2.1 Theoretical Framework

The study employed two theories were considered; the theory of Core competence theory and Transaction Cost Theory (TCT). However, the study was anchored on Transaction Cost Theory (TCT).

2.1.1 Core competence theory

The core competence hypothesis was formally described by Prahahlad and Hamel (1990) in the essay "The Core Competence of the Corporation". The Theorists defined core competency as the unique blend of talents, technologies, and processes that a firm has to create competitive advantages that are crucial in delivering value to consumers.

The idea contains four salient assumptions which are distinctive competency, customer value, development and Integration. Mathew and Seddighi (2022) argue that the theoretical concept of firm's core competency is only measurable through its output characteristics. Obasa and Gado (2022) posited that core competency is differentiated from other existing philosophies by the following identities; It must be acknowledged by the markets, as well as offer opportunities approach to the potential market; It must be valuable and be capable of improving efficiency to assist firms to create value and broaden customers' benefits through lowering costs and enhancing quality service. Finally, it is important that a core competency be difficult for competitors to mimic. This is the only way to make sure that competitive advantages based on core competency are retained. This is why Harpreet, et al. (2024) argue that competencies of technology are various, very stable and distinct. The fact that technological competencies change based on the type of competitive environment can enhance the level of company innovation.

In the book Competing for the Future, Prahalad and Hamel (1990) showed how CEOs can generate the requisite industry foresight to adjust to market developments and discover strategies of controlling resources that will enable the organization to reach goals despite any limits. To make the process of new business creation come alive again, executives should build a point of view on which core competencies can be developed for the future. The secret to future industry leadership is developing an independent point of view on the prospects of tomorrow, and having the capabilities to exploit them.

In order to be successful, a business requires not only tangible resources but also intangible resources such as core skills that are hard and challenging to attain (Kawshala, 2017). It is important to manage and improve the capabilities in the light of the future developments of the sector. For example, Microsoft has experience in numerous IT related breakthroughs where it is difficult for competitors to copy or compete with Microsoft's core competences for a variety of reasons.

However, the core competency hypothesis as appreciated by many scholars has certain faults as well. Jamil (2015) largely criticises the core competency for unduly simplifying the complicated nature of the managerial jobs. Its approach and search for the 'ideal' form of effective management practices suggests that managerial jobs are universal and standardised. This kind of thinking is a manifestation of the philosophy of scientific management which is becoming more and more irrelevant in today's environment.

Second, the approach is also criticised for assuming that competences and effective performance have inherently direct, observable and measurable linkages. If really competence framework is about measuring management performance outputs to some specified standards to accredit performance according to numerous competence levels. Such method negates the fact that effective managing performance most times entails intangible and hard to evaluate factors (Jamil, 2015). Some people say that competency models don't fit in with our fast-changing world. Caldwell (2008) contends that the identification of key talents is 'impossible' and not 'useful' in this unpredictable context. The functional analysis technique, frequently used in competency assessments, is performed retrospectively, not prospectively. This notion is criticised in the sense that organisations could become destabilised if they are too focused on "core competences". They struggle to adapt and their capacity to build synergistic places to work will be damaged. This is because as organisations breakdown their work into strategic capabilities they also move away from people doing the non-strategic tasks.

Summarily, the core competency theory despite criticism is still very influential in outsourcing, as it helps in separating the core activities from non-core activities which are mostly outsourced. firms that can strategically allocate resources and focus on their strengths are more likely to improve their organisational performance. This study therefore revolves around core competency than any other theory, as the approach helps firms to avoid spreading resources across various functions, thereby enabling them to excel in areas where they have distinct competitive advantages. Hence the study targets effect of outsourcing strategies in procurement services on performance; the theory becomes a promising tool that would shape managers' outsourcing decision towards achieving the desired result.

2.1.2 Transaction Cost Theory (TCT)

Transaction Cost Theory (TCT) was proposed by Ronald Coase in 1937 but was further developed by Oliver Williamson in his 1971 and 1996 publications. The theory is based on the assumption that commercial transactions with an external entity normally entail a cost, called transaction costs. The transaction costs are direct and indirect costs associated with negotiating, monitoring, and executing contractual agreement between the involved organisations. Ikenwa and Olusegun (2019) The transaction cost theory is based on the premise that, uncertainty, asset specificity, frequency of transaction, opportunism and bounded rationality can separately or jointly generate transaction costs. The hypothesis suggested that managers of businesses are inclined to conduct in-house any business activity that will incur minimal transaction costs but those needing greater cost of transactions are likely to be outsourced to external contractors for handling.

In the light of the assumptions of the TCT that advocate outsourcing as a means of lowering transaction costs, which subsequently reduces the size of the organization and makes it more efficient, Wachira et al. (2016) argue that. Such reduction that they recommend includes reduction in people and physical assets among other elements in an organization. TCT emphasises that, organisations such as the Hotels may choose to outsource some of their activities even when they have both financial and human resources to carry out the activity provided the total cost of executing such activity through the external service provider is less compared to what is required to do it in-house. Outsourcing entails a procurement process which consists of pre-contract, contract and the post contract stages (Ikenwa and Olusegun, 2019). At every stage of the process, expenditures are incurred. These costs include, among other things, costs of advertisement, evaluation, project costs, compliance, supervisory and monitoring charges and even lawsuit costs.

The relationship of transaction cost to this study is very strong because if Hotels can be more concerned with rational quality service and cost minimization in transacting with suppliers, they can equally produce goods and services that are attestable. But when the transaction costs are not advantageous, Hotels are better off with in-house sourcing. While TCT has made significant contributions to understanding economic organization and governance, the theory falls short in capturing the complexities of real-world transactions and organizational dynamics. First, Tambovtsev (2023) argue that its limitation is in the misinterpretation of the construct as unproductive, as it has been shown that minimizing transaction costs can indeed foster economic growth which is not always the case.

Additionally, TCT faces challenges in the context of cross-border business activities, especially in emerging economies, due to the ambiguity of its arguments regarding distance and experience, and the assumption that joint ventures are always a low-risk mode of operation (Kudret, 2020) Moreover, TCT's focus on governance of transactions can sometimes lead to misunderstandings with some researchers mistaking its view as a theory of competence or power rather than efficient governance of transactions and exchange relationships (Collins *et al.,* 2021). These limitations highlight the need for further refinement and contextual adaptation of TCT in academic research.

Despite these critiques, Transaction Costs Theory is important to this study because it is one of the key determinants of successful outsourcing. Transaction costs diminish returns, and over time, high transaction costs can mean thousands of funds lost from not just the costs themselves but also because the costs reduce the amount of capital available to the organization.

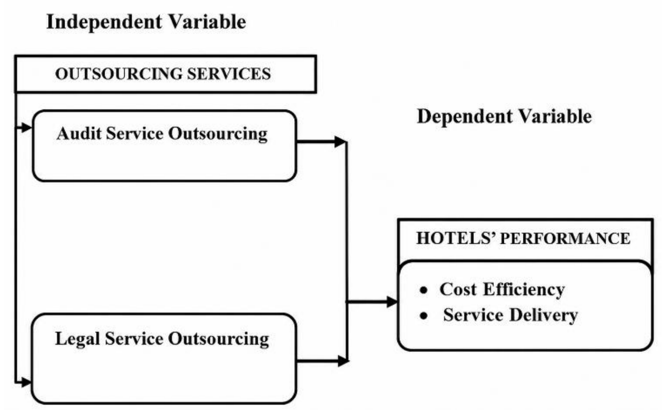

Figure 1: *Conceptual Framework*
Source: *Author's compilation 2026*

2.2.1 Concept of outsourcing service

Many research have shown that outsourcing does not have a widely acknowledged definition as different scholars evaluated it from a mix of perspectives. Dakare and Ikenwa (2016) noticed that these definitions broadly fit under the categories of content, context and process perspectives. Outsourcing is a practice of a firm to entrust some of its services to a more qualified and effective service provider (third party) to reach service and quality of works (Uğurlu and Pali, 2021). Outsourcing is defined as the acquisition of anything that was not originally sourced internally, or might have been sourced internally but was not (Tomás et al., 2018).

Outsourcing strategy is a type of delegation of responsibilities, normally performed internally by the organization, to an external professional for the achievement of objectives (Ugbomhe et al., 2021). Thus, Anoke and Ezeugwu (2023) explain that outsourcing is a contract in which a company or entrepreneur hires a third party to carry out a task that was previously performed internally or that could have been handled. Sometimes this involves the transfer of assets and workers from one organization to another. It is important to mention that the importance of outsourcing strategy is limitless. This varies from cost savings, quality service delivery, prompt response and strong customer feedback mechanism as well as getting a competitive advantage against rivals (Vaxevanou and Konstantopoulos, 2014).

Damanpour et al. (2020) confirmed that outsourcing is a good management technique, defined as the way of using external resources to perform duties that were once carried out by personnel inside the organization to improve performance, whether financial or non-financial. Outsourcing has also been called 'vertical disintegration'. When an organization subcontracts the operations of the value chain to be executed by another organization that can do it more economically, then the vertical disintegration is the opposite of the vertical integration (Tomás et al., 2018). For the purpose of this study, outsourcing is defined as a method used by companies (outsourced) to create goods and services like audit, legal, security and cleaning services with the help of a third party called the outsourcer rather than using their internal human and material resources. The outsourcer provides either entire or selective services for the outsourced against a fixed charge.

It is believed that if outsourcing is well integrated into the operations plan of an organization, it increases the organization's strategic flexibility, efficiency and competitiveness and so sustains and improves the performance of such organization. The decision to outsource is frequently a difficult decision to make for the business management as it means the organization has to do a critical review of the probable cost saving versus the costs of losing control over the service. This decision is much more tough to make for Hotel Managers owing to the difficulties that emerges due to shifting from their comfort zone, depreciating their control and even been at times pushed to lay off certain hands. Most organisations' prevailing logic of outsourcing decisions is that managers are now outsourcing operations to external contractors rather than spending so much on activities that are not core activities.

Summarily, there are a lot of outsourcing services used by firms of different classes, be it offshore, onshore, nearshore, business process, operational, selective and activity-based outsourcing (Favour and Tamunomiebi, 2020; Diaka et al., 2017; Anoke and Ezeugwu, 2023). However, this study is strategically position to explore some activity-based outsourcing services advanced by Diaka et al., 2017; Agburu et al., 2017) as mostly employed by several Hotels in Makurdi, which include audit, legal, security and cleaning service outsourcing among others.

2.2.2 Dimensions of outsourcing services

i. Audit service outsourcing

According to Barac and Motubatse (2010), audit service outsourcing is a technique whereby the functions are carried out by the third party organization that would bring the benefits of cost advantage, effectiveness and efficiency of the operations and professional gain. Hence, audit outsourcing is an activity by which corporations hire or engage independent public accounting firms and other specialists to perform the role that ought to have been performed by the traditional internal auditors. Research on the factors of audit quality highlights the importance of financial reporting to corporate governance. Mainly because it is designed to study the effect of elements based on the expectations of the regulatory bodies on the characteristics of external auditors (Aobdia, 2019).

Turegun. (2020) noted that accounting operations posed a risk factor in firms. Despite the declaration of highly qualified specialists in the contract, the auditors often find cases of misrepresentation of transactions in analytical accounting, omission of information from primary documents, its duplication, incompleteness or other inaccuracies. That is to say that there is need for audit when determining the reliability of accounting information for an entity that wants the true and reliable financial reports for its transactions.

Studies suggest that internal auditing functions (IAFs) improve firms' internal controls and provide monitoring of firms' financial accounting and reporting processes (Gilbert, 2021; Hao, 2023). Sukma *et al.* (2022) concluded that the overall functionality of internal auditing functions through investment in internal audit quality and coordination of activities with external auditors will reduce audit fees. The authors further affirmed that outsourced auditors are perceived as more objective and heavily relied upon in reducing the risk.

ii. Legal service outsourcing

Legal service outsourcing refers to the practice whereby law firms or corporate organizations delegate certain legal functions to external service providers. This can include tasks such as legal research, document review, drafting legal documents, and even more complex legal services

(Jovanovic, 2018). This trend is part of a broader shift towards disaggregating legal services into discrete tasks that can be delegated to the most professional experts for cost-efficiency, quality service and timely execution of duties (Milton and Palmer, 2010). The outsourcing of legal services has led to the transformation of traditional legal practices into more efficient and cost-effective models, emphasizing the need for law firms to adapt to new delivery models to remain competitive in the modern legal landscape.

An intriguing finding from Legal Practice Intelligent Report (2023) shows that, the use of technology consulting is growing at a fast pace. Over half of the large law firms (51%), along with about one-third of midsize (37%) and small firms (31%), have used alternative legal service providers (ALSPs) at some point in the cause of their businesses. Furthermore, Thomson Reuters' (2020) report showed that document review (48%), litigation support (43%), and contract review (42%) are the most frequently outsourced legal tasks. These tasks tend to be time-consuming and labour-intensive, making them ideal for outsourcing to ALSPs that can leverage technology and specialized expertise to improve efficiency and reduce costs.

2.2.3 Concept of performance of Hospitality Industry

Hospitality Industry which is the organization of study, is seen as an establishment that provides lodging, meals, entertainment and personal services for its guests. Joshua (2022) sees Hotels as sites of technological innovation, intercultural encounters for guests. A hotel is a room, place, building, location or an area where service like accommodation, food, leisure and the like, are provided for guests who are mostly away from home. Hotels are well recognized as a people's industry since it is extremely reliant on the service delivery and performance of its employees (Hanmaikyur *et al.*, 2022).

Organizational performance is defined as 'the results of operations of an organization during a given timeframe (Cousins and Spekman, 2003 as in Javed *et al.,* 2020). Organization performance is the extent to which the organization achieves a set of pre-determined targets such as: customer value, team performance, talent management, and strategic focus all of which are achieved through, proper planning, evaluation, implementation and control which can be accomplished if management has access to right knowledge and skills, proper planning, innovation and flexibility (Kamanga and Ismail, 2017).

In the opinion of Armstrong (2006), performance can be from the angle of 'output' which in that form may achieve goals. Superior performance usually proceeds from deliberate and willing behavior that is supported by certain know-how, information and expertise. Performance criteria differ from the organization and the work being evaluated refers to the accomplishment of goals and the methods used to do so. High performance is the outcome of proper conduct, particularly discretionary conduct, and the efficient application of the necessary knowledge, skills, and competences. Depending on who is engaged in the evaluation of organizational performance, performance might be interpreted differently. Performance can also be from the boundaries of the organization or outside (Euske and Lebans, 2016).

To define the idea of performance, it is important to know the parts and traits of each duty area. According to Petkovic (2018), in order to determine how well an organization is performing, you must be able to measure the results and as such, performance is viewed as the act of carrying out an action, achievement, or accomplishment effectively. According to Cascio (2016), "performance" is the labour done by individuals inside an organization to increase effectiveness. The expert said that organizational performance is made up of three different parts of how well a company does: financial success, how well products do on the market, and how much money shareholders get back. According to Robbins (2019), managing performance for proper outcomes requires an outline of targets to be achieved and a checklist of quality required. These can then be applied to both individuals and groups. Individual performance is measured differently from organizational performance though and organization with high performing individuals will lead to a high performing organization.

A high performing organization creates an environment that facilitates the conversion of inputs into outputs (Santos and Brito, 2022). Trade (2020) identified six major performance yardsticks which include; 'effectiveness, efficiency, cost, quality, timeliness, innovation, and productivity'. The aforementioned performance exploration by authors captures almost holistic measures of performance but this study is focused on the dimensions advanced by Parasuraman (1988) which include; responsiveness, empathy, tangibility, reliability and trust, encapsulated as 'service quality' hence, performance here is defined as the ratio of output obtained from comparing the desired (responsiveness, empathy, tangibility and reliability and trust) against actual result of outsourced services.

2.2.4 Dimensions of performance of Hospitality Industry

i. Cost efficiency

Cost efficiency is often cited as a primary driver for the growth of outsourcing. Organizations evaluate outsourcing opportunities to determine whether current operational costs can be reduced and whether the resources saved can be redirected toward more competitive activities (Javed *et al*., 2020). Outsourcing is typically considered when firms believe certain functions can be performed more cost-effectively, quickly, or efficiently by external providers (Mario, 2021). Non-core functions are prime candidates for outsourcing, whereas any skill or expertise directly tied to enhancing customer value or critical to delivering core products or services should remain in-house.

Studies suggested that outsourcing plays a critical role in reducing organizational costs by enabling access to economies of scale and specialized expertise offered by outsourcing vendors, ultimately enhancing organizational performance (Isaksson and Lantz, 2015). Hasliza et al. (2017) found that outsourcing agreements allow organizations to transfer assets to service providers, transforming fixed costs and operating expenses into variable costs. Practically, outsourcing helps minimize fixed costs, human resource expenses, and other overheads by providing access to skills and knowledge as needed.

In line with cost reduction, many scholars identified cost reduction as a primary driver for outsourcing (Gilbert *et al*., 2023). Outsourcing often proves more cost-effective than managing equivalent services in-house. Factors influencing outsourcing decisions include reduced operating costs, risk-sharing in technology investments, and improved efficiency (Diaka *et al*., 2017). The literature highlights various benefits of outsourcing, such as cost savings, improved quality, and increased capacity (Collins et al., 2021). According to Correia *et al*. (2020), the typical goal of outsourcing is to achieve a targeted 20% cost reduction, with savings primarily stemming from direct labor and variable costs.

Based on cost-effectiveness, senior managers often opt to delegate critical tasks to external firms because they perceive outsourcing as a more cost-effective solution. While middle managers may argue that hiring in-house staff could be cheaper, upper management tends to prioritize factors beyond hourly rates. They value the predictability of outsourced work being completed on time and meeting expectations. Additionally, outsourcing offers flexibility, as organizations can easily replace underperforming providers without the challenges associated with hiring and terminating employees. The decision to outsource is driven by considerations of vision, functionality, and economic efficiency (Adebayo *et al*., 2017).

ii. Quality service delivery

Responsiveness in outsourcing is as crucial as quality. Responsiveness is a metric for determining whether a unit of work was completed precisely and on schedule (Yildiz, 2020). To define what responsiveness is for a particular group of works, Customers' needs typically serve as the criterion. When used properly, strategic outsourcing can result in a crucial reduction in costs and hazards by ensuring that operations are completed on time (Garg and Sharma, 2020). For instance, substantial bottlenecks may result if a vendor doesn't adhere to the deadlines. That alone will negate whatever cost-saving advantages you had hoped to reap from outsourcing them. As a result, a successful outsourcing procedure will enable providers to offer services and products of acceptable quality and cost within a reasonable delivery window (Kaul *et al.,* 2021). From an organizational setting, meeting deadlines and exceeding expectations can be accomplished very well with outsourcing. Businesses outsource particular jobs to satisfy their consumers and clients rather than missing deadlines or delivering subpar product and service (Renson, 2015).

According to Kialyulo and Kinyua (2021), strategic outsourcing helps corporations to quickly launch product and set the company for long-term success. This is due to the fact that how quickly products and services hits the market significantly impact on how well they succeed. It's a top priority for the company to produce product and service fast in order to outpace their competitors and grab the larger market share (Ketterer *et al.,* 2019). However, finding the ideal balance between product quality and time to market is difficult, especially when the company lacks the internal time and resources to give both activities equal priority (Kialyulo and Kinyua, 2021). As a result of this, a firm can achieve more than just meeting go-to-market timeliness by outsourcing assistance for performance improvement. Additionally, it offers the company invaluable insight and direction that educates its internal team and encourages them to eventually generate work of a higher caliber.

2.2.5 Nexus between outsourcing services and performance of Hospitality Industry

i. Audit service outsourcing and performance of Hospitality Industry

According to Saifaldin (2022), audit outsourcing can be defined as: companies resort to assistance from external parties that are well experienced and efficient in the profession of auditing to check and evaluate their activities with high professionalism. Due to the companies suffering from lack of financial experience and the professional personnel who can practice the processes of the internal audit, Hotels, who now resort to outsourcing some of their internal activities to third parties in order to tap from their techniques, proficiency, skills, and other available.

The outsourcing of audit service significantly affects the performance of firms. Studies reveal that factors influencing the decision to outsource audit functions include asset specificity, environmental uncertainty, technical competence, and competition level of organisations (Adeniji, 2021). Outsourcing audit service can lead to enhanced audit quality, procedure compliance, risk management and ultimately improve the overall performance of Hotels (Gilbert, 2021; Hao, 2023). It is suggested that firms like hotels should consider outsourcing audit service to external professionals to achieve high audit quality at a reduced cost, ensuring audit independence and adherence to established policies and procedures, which can positively impact their performance and sustainability.

According to Tahajuddin and Kertali (2018), auditor's independence helps to improve the organization by enhancing the audit effectiveness and quality which will eventually assist the management to recognize the problems and thus achieve the objectives of the particular organization. Sukma *et al.* (2022) concluded that the overall functionality of audit functions through investment in audit quality and coordination of activities with external auditors will reduce audit fees. The authors further affirmed that outsourced auditors are perceived to be more objective and heavily relied upon in reducing the financial risk.

ii. Legal service outsourcing and performance of Hospitality Industry

Legal service outsourcing significantly impacts the growth rate and general performance of Firms. Legal outsourcing, whether onshore or offshore, is a transformative practice that allows Firms to access specialized legal services efficiently and cost-effectively (Meenakshi, 2017; Svon, 2017). By leveraging legal tech and outsourcing, Hotels can effectively run their legal functions as a business, similar to large corporations and they can be confident to transact business without fear of been intimidated or highjack by hungry major firms thus, leading to improved competitiveness and growth opportunities (Luo *et al.,* 2011) Additionally, outsourcing activities focusing on core competitive advantages have been found to positively influence Hotels financial performance, leading to benefits such as sales growth, market share expansion, increased profitability, and enhanced financial liquidity (Hasliza, Ahmad and Ramayah, 2017) Therefore, embracing legal service outsourcing can be a strategic move for Hotels looking to enhance their growth trajectories and competitive positions in the market. Moreover, the motivation to reduce costs, characteristics of service providers, and outsourcing significantly impact Hotels' decisions to outsource logistics services which can extend to legal services as well, these factors collectively affect the quality of legal services received by hotels, influencing aspects such as service quality, performance, innovative development, and time management.

2.3 Review of Related Empirical Studies

Obikezie and Dike (2023) evaluated the effect of outsourcing techniques on organisational performance of manufacturing enterprises in South-East, Nigeria. Survey research design was used. The population of the study was 1473 from which a sample size of 237 was drawn. The Pearson product moment correlation coefficient and t-test were employed to assess the hypotheses. The research found that labour outsourcing, manufacturing process, audit and information outsourcing has a beneficial impact on performance of manufacturing enterprises in South western Nigeria. The above study was well performed in terms of population, sample representation and analysis, however the present study used cross-sectional design, used regression analysis and focused on Hotels to close the gap of industry, location, design and analysis that was presented by the above study.

Elvis and Chukwumeka (2023) investigated supplier relationship management techniques and operational efficacy of food and beverages industries in Nigeria. The study adopted survey design. 60 respondents were selected from a population of 12 enterprises. The data were evaluated using Pearson's Product-Moment Correlation and the outcome showed that there is a substantial and positive association between supplier relationship management techniques and operational success of food and beverages industries in Nigeria. The above study chose an impassioned approach which suit the topic of discussion but was so brief based on report. It neglected to describe the proxies or determinants of relationship management which would have been more complex for adoption in outsourcing or any other inter business connection . Hence, this study spells out all the causes of the concept under examination, and the population of 25 Firms with a sample size of 175 respondents is an advantage not seen in the previous study.

Nsowah, Phiri (2023) investigated the influence of outsourcing on operational performance of small and medium enterprises (SMEs). The study used descriptive research design and used a sample size of 68 SMEs in Sunyani Municipality with the help of questionnaires to collect data. Data analysis was done using mean score and standard deviation in SPSS. It was reported that the activities that could affect almost all the aspect of their business were delegated by SMEs and the reasons for SMEs in Sunyani outsourcing were to free up the company's resources to focus on their core competencies, improve competitive position, avoid labour issues, reduce cost and risk associated with in-house production as well as increase efficiency. The study above provides insights into the relationship between outsourcing and SME operational success, but the data collecting and analysis methods used limit the generalisability of the findings to other contexts.

More specifically, the use of questionnaire alone can lead to a biased view. The SPSS tool employed merely assessed mean and standard deviation, instead of more sophisticated statistical approaches, such as regression analysis or structural equation modelling, to explore the links. Thus, the present work covered and bridged all the existing gaps.

Masinde (2023) examined the effects of strategic outsourcing on organization performance: a study of Local Non-Governmental Organizations implementing partners for *Diakonie Katastrophenhilfe* (DKH) in Southern Africa. The study adopted descriptive design using Google Form to collect data from a population of 65 top management staff spread across the study area. Analysis was fulfilled using Ms-Excel and SPSS. Findings confirmed that strategic outsourcing positively impacts LNGOs supported by DKH in South Africa. Masinde's study warrant critique due to its reliance on Google Forms for data collection, small sample size and lack of detail in the statistical analysis, this suggests that the findings should be interpreted with caution. Therefore, this research would fill those gaps by using face-to-face questionnaire, updating the knowledge currency and covering the location shortfall.

Dinh *et al.* (2022) studied the impact of labour outsourcing on the financial performance of small and medium enterprises in Mekong Delta region of Vietnam. The study collected data from 409 managers of Small and medium Enterprises (SMEs). Analytical methods such as Cronbach's Alpha test, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were used in the study. The study found out that labour outsourcing positively affects financial performance. Dinh and colleagues made a good attempt for trying to address such an important research gap. But the study was limited by method and scope as it focused only on financial performance and limit itself to a single region thus creating hitch for generalization. This work therefore, dwelled on the cost and service quality performance of the Hotels assessed and will also bridge the location gap in Nigeria.

Egbule and Egberi (2021) analysed the impact of outsourcing strategies on organizational performance of banks in Asaba town. A survey design was adopted where a total of 17 Banks were studied, sampling of out 68 respondents for questionnaire administration. Frequency, correlation and regression analysis tools were used for analysis. The findings showed a significant positive relationship between the variables of outsourcing strategies and organizational performance. It concluded that mystery shopping provides important information for businesses and increases organizational effectiveness. Egbule and Egberi's study addresses an important topic though its population and sample size have significant limitations. Hence this work tends to mitigate those lapses by using an ample population and sample size as well as filling the existing geographic gap.

Adeniji (2021) examined the effects of outsourcing internal audit functions on the audit quality of MSMEs in Lagos State. The study employed a survey research design, using purposive sampling to select 170 respondents from registered MSMEs in Lagos. Data were collected through a structured questionnaire, validated with a Cronbach alpha, and achieved an 85% response rate. Analysis was conducted using both descriptive and inferential statistical methods. The findings indicated that MSMEs outsourcing their internal audit functions achieved greater compliance with established policies, plans, and procedures while reducing costs. Although Adeniji's study strongly advocated for audit outsourcing, it did not specify the inferential statistical methods used. This study addresses those limitations by employing descriptive, correlation, and regression analyses. Furthermore, it seeks to bridge the geographical and temporal gaps, as Adeniji's research was specific to Lagos and conducted in 2021.

Kisilu and Gatari (2021) examine the effect of strategic outsourcing approaches on the performance of manufacturing companies listed at the Nairobi security exchange, Kenya. A descriptive design was employed, using questionnaires to gather data from 9 selected companies, out of which a sample of 72 respondents was drawn. The data was then analyzed through descriptive and inferential statistics supported by the statistical package for social sciences (SPSS), version 22. Regression analysis was done to ascertain the effect of strategic outsourcing approaches on performance. The findings of the study showed that strategic professional outsourcing, strategic manufacturing outsourcing, strategic business process outsourcing and strategic project outsourcing have a positive relationship with performance of manufacturing companies listed at the Nairobi Security Exchange. Kisilu and Gatari's study addresses a vital problem in the context of the Kenyan manufacturing sector but its reliance on data from only 9 selected companies may not adequately capture the diversity and complexity of the manufacturing sector in Kenya. Therefore, this study would be more inclusive by studying 175 respondents. Also, the Kenyan study would be replicated in Nigeria though with some slight adjustments.

Akindayo (2021) evaluated the impact of Outsourcing on Small and Medium-Sized Businesses in Nigeria: A study of Strategic Outsourcing Limited, Lagos. The study was based on quantitative method, a purposive sampling style which ushered in 75 respondents for questionnaire administration. All these were analysed using SPSS. The result revealed that Nigerian managers supported outsourcing among SMEs because it positively impacted SMEs and led to the creation of more jobs, improved cost efficiency, and better concentration of core competencies. However, managers also expressed concerns about certain obstacles which hindered outsourcing among SMEs, including poor infrastructure and corruption and unfavorable government policies. Overall, while the above study addresses a crucial research problem, its methodological limitations and lack of contextualization weaken the reliability and generality of its findings. Most specifically, the study sampled only 75 respondents using purposive method which were all from an outsourcer (Strategic Outsourcing Limited, Lagos). This research therefore utilized a population of 25 hotels and sample size of 175 respondents was used for robust findings.

Okoye (2021) examined the effect of outsourcing strategies on organizational performance of fast foods industries in Anambra, State Nigeria. The study adopted the quantitative research design, using questionnaire to collect from data 10 fast food industries in Anambra State, Nigeria. A population of 1200 staff was determined out of which a sample size of 300 was generated using Yaro's formula. Analysis was done using frequency table, Likert scale and simple percentage while the hypotheses were tested using analysis of variance (ANOVA), correlation efficient and regression analysis. The findings revealed that outsourcing for product/service quality has significant effect on organizational performance of selected fast foods industry in Anambra, State, Nigeria. The study by Okoye has unveiled an important topic and the population and sample were very good. However, it was so focused on food and beverage industry which makes generalization of findings difficult. To this end, this work has an edge of inclusivity over the past study by taking a cross-sectional view of 25 Hotels.

Ifeyinwa and Iheriohanma (2020) examined outsourcing as a strategy and its effect on organizational performance using Nigeria Bottling Company Plant and Camela Vegetable Oil Company both situated in Owerri, Imo State. The survey research design was adopted in the study. Primary and secondary data was used in collecting information. The research hypotheses were tested using chi-square. The study found out that outsourcing back office, primary and support activities have significant positive effect on organizational performance. Overall, Ifeyinwa and Iheriohanma's study attempts to examine the relationship between outsourcing and organizational performance though, it is limited by, narrow scope, absence of sample size and its simplistic analysis detract from the robustness and generality of its findings. Hence, this work was more encompassing by using a large population 25 Hotels with an optimum sample size 175. In addition, the multiple regression method is also an added advantage which places this work higher than the previous study.

Fonseca and Lima (2020) studied the effect of supplier management strategy on organizational performance of ISO 9001 certified organizations in Portugal. They adopted an online survey method where Google forms were administered to managers of Portuguese organizations with certified ISO 9001 Quality Management Systems. Descriptive Statistics and Structural Model Equations were used to fulfil the proposed conceptual model. Findings showed positive connections between organizational strategy and supplier disposition; between supplier disposition and 'stakeholder satisfaction'; and between 'stakeholder satisfaction and organizational performance'. Fonseca and Lima's study has shortfalls of undisclosed population and sample size as well lack of determinants for measuring the variables of study. This is why this work was considered necessary to cover these identified lapses. This work therefore, lays clear outsourcing services and performance parameters and further provides enough population and sample size to validate the previous studies.

Asenge *et al.* (2020) examined the effect of outsourcing strategies on performance of Deposit Money Banks (DMBs) in Nigeria. The study adopted a descriptive research design where a structured questionnaire was used as instrument for collection of primary data. A sample size of 261 was determined from a population of 752 employees of four deposit money banks in Nigeria. Descriptive statistical tools such as table and simple percentages were used for data presentation while multiple regression analysis was used to determine the effect of the independent variables on the dependent variables. Results of tested hypotheses revealed that all the dimensions of outsourcing strategies (contracting, comprehensive and selective strategy) have positive significant effect on performance on deposit money banks in Nigeria. The study by Asenge and colleagues was impressive as it contributes to understanding the relationship between outsourcing strategies and performance of Deposit Money Banks in Nigeria however, the time frame of the research calls for an update. Hence the need for this research which surveyed 25 Hotels and bridged the time gap.

Yanit (2020) examined the effects of outsourcing on organizational performance of Commercial banks in Ethiopia (CBE). Explanatory research design was adopted, 200 branch managers were purposely sampled from six major departments. Data was collected from primary sources through survey method by use of questionnaires. Descriptive statistics and inferential analysis were fulfilled using SPSS. The findings showed that costs and performance of the bank were insignificantly related. Focus and performance of the bank were partially correlated. But, there was a significant positive relationship between quality and performance of the bank. Yanit's study appears to have several strengths such as having an interesting topic, a good design and a sufficient sample but since it was only focused on banking sector, there is a need to explore other industries hence, this present research which took a stand with Hotels in order to expand the generalization findings on the same topic.

Opuene and Orusa (2020) examined the relationship between Business Process Outsourcing and Organizational Performance in Deposit Money Banks in Port Harcourt, Rivers State. The study adopted a cross-sectional survey in its investigation of the variables. Primary source of data was generated through self- administered questionnaire. The population of the study was 85 of nineteen (19) selected banks in Port Harcourt, Rivers State. The whole population was used as sample. Data generated were analyzed and presented using both descriptive and inferential statistical techniques. Spearman's Rank Order Correlation Statistics was used in testing the hypotheses. The study found out a positively and significantly relationship between outsourcing and performance of Deposit Money Banks in Port Harcourt, Rivers state. The study by Opuene and Orusa was a fair attempt empirically wise. Though, the study focusing on money banks in river state is queried for external validity of the study, also while inferential statistics can uncover associations between variables, they cannot definitively prove causation. Therefore, this study became necessary to exploring views from other industries on the same topic and using multiple regressions to expand knowledge on the findings and create room for generalization of results.

Kwadwo (2020) conducted a research on the effect of outsourcing logistics to third party providers on performance of health care delivery in Ghana. The research adopted purposive and convenience sampling techniques to gather a population of approximately 200 out of which a sample size of 120 was chosen. Findings revealed that, third party logistics outsourcing significantly influence the performance of healthcare delivery in Ghanian hospitals. The fact that Kwadwo's study provides valuable insights into the relationship between logistics outsourcing and healthcare delivery performance in Ghana, careful consideration of methodological limitations and contextual factors is necessary to interpret the findings accurately and making informed decisions. His study was limited by population and sample size as well as its inability to state the determinants of the strategies and performance studied. In this study therefore, the population and sample are ample enough and the proxies are clearly stated.

Kayumba (2019) investigated the effect of outsourcing on organizational performance (cost efficiency, productivity and profitability) in Rwanda. The study was descriptive in nature, studying three companies from Telecom and manufacturing Industry in Rwanda where a sample size of 111 staff was selected using convenient and purposive sampling. Primary and secondary source of data were utilized. The hypotheses of the study were tested using correlation analysis. The findings revealed that outsourcing activities significantly contributed to the organizational performance. Kayumba's study provided some useful hints into the understanding of relationship between outsourcing and organisational performance in Rwanda but the study failed to provide sufficient context regarding the specific outsourcing arrangements, organizational structures, or market conditions in Rwanda. His sampling method and sample size created a hitch for generalisation. These gaps were filled in this study by stating categorically the outsourcing services explored and performance measurement criteria. This work equally has an edge for choosing a good representative population and sample against the previous study.

Ikenwa and Olusegun (2019) investigated the impact of Outsourcing on Cleaning Service Quality: A Study of the University of Lagos. The study adopted descriptive research design where questionnaires were used to collect primary data from 43 members of staff of the institution using purposive sampling method. Data generated were analysed with descriptive and inferential (t-test) statistics. Results showed that outsourcing greatly impact the cleaning services of the University. The above study by Ikenwa and Olusegun was a fair attempt in research even though, it suffers limitation for using only 43 sample size which is relatively small for an empirical study like this. In addition, the analysis via inferential (t-test) statistic is doubtable as well. Hence this work used an optimum sample size of 175 respondents where data obtained was analysed through multiple regression to give a nuance for the research outcome.

Nkasirim and Onuoha (2018) examined the relationship between outsourcing strategies and organizational effectiveness of oil companies in Rivers State. The study employed a cross-sectional research survey. The population of the study was ten (10) selected oil companies out of which 998 staffs were surveyed. And a sample size of 286 was drawn. A questionnaire was used to collect data from the respondents. Spearman Rank Order Correlation Coefficient was used to test the hypotheses with the aid of Statistical Package for Social Science (SPSS) version 20.0. It was found that outsourcing procurement strategies have a significant positive relationship with the organizational effectiveness of oil companies in Rivers State. The study concluded that outsourcing procurement strategies that are based on expertise orientation and corporate culture would improve the organizational efficiency of oil companies.

Nkasirim and Onuoha's study explored an important aspect of business outsourcing. The study seems quite apt in terms of design, sample and analytical tool – this call for an applause for the researchers. Hence, this work replicated most of their study but with improvement on industry population and analytical measures and also help to close the geographical and time gaps created.

Andow *et al.* (2018) examines the impact of outsourcing on organizational performance of listed food and beverage firms in Nigeria. The study used a correlation design, leveraging secondary data as the main instrument of data collection. The population and sample of the study includes all the eighteen (18) food and beverages firms listed on the floor of the Nigeria stock exchange between 2016-2007. Ordinary Lease square (OLS) regression analysis was fulfilled using SPSS to test the hypotheses. The findings reveal that both business process outsourcing and knowledge process outsourcing have a positive and significant impact on organizational performance of listed food and beverage firms in Nigeria. The study by Andow *et al* has unveiled an important topic but it was just on food and beverage industry, the study lacks first-hand information by using secondary data. This can create bias and fail to capture the nuance of outsourcing practices and its effect on performance. Therefore, this present study shifted interest from food and beverage industry to hotels industry and utilised primary data to expand generalisation of findings on the same topic.

Rehema and Rugami (2018) investigated the effects of outsourcing on organization performance among commercial banks in Mombasa County. This study used descriptive research design. A population of 90 strategy managers in all commercial banks in Mombasa County was selected through census survey. The study made use of questionnaires to collect data. Analysis was made using statistics such as (mean and standard deviation). Findings shows that outsourcing risks, costs, quality of service and functional departments had a positive and significant effect on the performance of Commercial Banks in Mombasa County, Kenya. While the study by Rehema and Rugami provides great insights on their topic, its limited population and lack of analytical depth undermine the validity and generality of its findings. The reliance on mean and standard deviation for analysis is also insufficient for examining the complex relationships. Hence the need for this study which targets a huge population and sample size as well as the use multiple regressions for analysis; apparently, this has yielded a nuance result compared to the previous study.

Kivuva (2018) analyzed the effects of outsourcing services in the oil marketing firms in Kenya. Descriptive research design was employed in this study. The population of the study consisted of 30 oil companies in Kenya with a target population of 120 managers. The study used primary sources to collect data by use of questionnaires. Data analysis was done using Microsoft excel and SPSS. The study findings were that outsourcing influences organization performance even though to a small extent. Kivuva's study on the effects of outsourcing services in oil marketing firms in Kenya addresses an important aspect of business outsourcing, it suffers limitation of population and sample size which is doubtable for effective representation due to their scantiness; This study employed a cross-sectional survey design and used a population of 25 Hotels, drawing a sampled of 175 respondents to give a better and sound result.

Agburu *et al.* (2017) investigated the effect of outsourcing strategies on the performance of Small and Medium Enterprises (SMEs) in Benue State, Nigeria. The study adopted survey research design. A stratified random sampling was chosen to select 10 SMEs in Benue State and a mix method of primary and secondary data were used. The analysis was done using multiple regression techniques where findings revealed that outsourcing activities such as back office activities (bookkeeping, order processing, payment processing, cleaning services, security services and other administrative activities); outsourcing of primary activities (manufacturing, purchases, Sales force and customer service); outsourcing of Supporting activities (shipping, IT services/system, advertising, legal services, transport services, public relations) has a significant effect on organizational profitability of SMEs with exception of accounting related tasks. It is pertinent to state that the above study addresses an important topic however; its sample was just 10 SMEs which is far too small a sample for such a rigorous research. An ample population of 25 firms with a sample of 175 respondents was chosen in this study for more clarity. Moreover, this study is more explicit by stating the specific outsourcing services and performance measurement matrix which is an advantage over the previous work.

Prempeh and Nsiah-Asare (2017) examined the effects of outsourcing strategy on procurement performance among Universities in Ghana. The study adopted a cross-sectional survey design and descriptive method, using a target population of 55 universities within which 340 respondents were drawn. Data was analyzed based on descriptive and bivariate statistics, using the Statistical Package for Social Sciences (SPSS). Findings revealed that contracting, comprehensive outsourcing, licensing agreement and selective outsourcing strategies were main influencers of procurement performance of universities in Ghana. The study by Prempeh and Nsiah-Asare has a good design, population and sample size but its reliance on descriptive and bivariate analytical tools weakens the research. This study therefore changed tool by using regression analysis since the target was relationship among variables of study. The study has also helped to bridge the time and geographical gaps created by the previous study.

Aris- Nwugballa (2016) adopted a field survey approach to find out whether outsourcing improves quality of service in public healthcare institutions in South- East Nigeria. The population was 1,252 permanent staff of the institutions while a sample representation of 303 was drawn. The study used a self-designed survey instrument to gather and analyze responses. The findings revealed that outsourcing yielded significant improvements in the service quality of public healthcare institutions. Overall, while Arisi-Nwugballa's study addresses a remarkable topic, its failure to categorically state the tool used for analysis has limited the study reliability and further create a doubt for generalization and acceptability. The present study clearly states the tool used for analysis and has also closed the location and time gaps.

2.4 Summary of Literature Reviewed

The review of literature began with the theoretical framework where the core competency theory, the transaction cost theory and the resource base view theory were discussed. The work was theoretically anchored by the core competency theory however the other theories were used as complimentary theories. The core competency theory posits that firms are better off if they identify the primary activities and separate them from those non-primary roles. This will create and sustain efficiency, usher in innovation and professionalism as they concentrate on their main job thereby equitably delivering quality services to their clients. It will also help them to decide which activity(ies) to strategically outsourced in order to achieve cost efficiency and quality service delivery.

In view of this argument, the concept of outsourcing services and its proxies being audit service, legal service, security service and cleaning service as well as the concept of performance of Hotels centered on cost efficiency and quality service delivery were extensively discussed. The study reviewed 26 empirical works as presented in Table 1; Some of the studies were implied as they were not studied in the context of outsourcing strategies but were related studies in terms of the variables of interests in the study.

The major gaps identified in the studies reviewed indicates that there no studies on outsourcing strategies and performance of Hotels within the study area. Moreso, most of the studies reviewed did not consider the non-financial parameters of performance as they were mostly focused on financial performance leveraging return on assets, return on equity and return on investment. This has created some vacuums in literature which this study is positioned to close. The study deliberately captured both cost efficiency and quality service (responsiveness, empathy, tangibles, reliability and assurance) which are non-financial parameters of measuring performance. These viable criteria were chosen to ascertain if the performance of Hotels is tied to the checks occasioned on them by the auditors and the legal services outsourced; also, to find out the relationship between security and cleaning services and their corresponding effects on cost efficiency and quality service delivery.

3.0 Conclusion and Recommendations

3.1 Conclusion

The paper examined the effect of outsourcing services on performance of Hospitality industry in Nigeria. The specific objectives of this study were to: assess the effect of audit service outsourcing on the performance of Hospitality Industry in Nigeria and examine the effect of legal service outsourcing on the performance of Hospitality Industry Nigeria. Outsourcing as an evolving business strategy involves a range of activities that create stakeholders' management, demand for efficiency and core competency separation all of which theoretical propositions can be leveraged for clarity. Three theories were considered and discussed based on their relevance to the study. The paper found out based on empirical evidence that audit and legal out sourcing has significant effect on Hospitality Industry in Nigeria. The study concludes that outsourcing services has significant effect on performance of Hospitality industry in Nigeria.

3.2 Recommendations

Based on the findings of the study, it has been recommended that:

i. Hotels who subcontract their audit service to third party professionals should continue in order to sustain financial control of their firms through speedy reports, reliable report generation and efficient scrutiny of financial records.

ii. The legal service outsourcing adopted by Hotels investigated has proven to have significant effect on their service quality performance therefore, they are advised to continue to toe this line in order to sustain their financial and quality performance. Also, other Hotels may wish to embrace this strategy, as the presence of outsourced legal professionals will prevent some actions and inactions that may have negative effect on their firm's performance.

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