

**THE EFFECTS OF STRATEGIC OUTSOURCING ON BUSINESS
PERFORMANCE**

(A Survey of Commercial Banks in Nyeri)

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ABSTRACT

This study was carried out to analyze the impact of strategic outsourcing on the performance of commercial banks in Nyeri. The study involved a survey of selected commercial banks in Nyeri. Five variables were analyzed which included cost change, risk level change, productivity level change, business growth change and service quality level change as independent variables, and business performance as the dependent variable. The literature review discusses literature from other researchers in the field of outsourcing which in turn provided the researcher's entry for carrying out the study. The review of literature pointed out the theories under which the study was based which consisted mainly of the resource-based theory.

The researcher used simple random sampling technique to sample the employees of the commercial banks in Nyeri. The technique generated a working sample of 40 respondents, who consisted of the banks employees and the management-level staff. The researcher achieved a response rate of 87.5 percent. The collected data was analyzed using SPSS software to present the data in form of graphs and pie charts. The researcher further carried out a correlation analysis to find out the relationship between the individual independent variables to the dependent variable, having assumed a confident level of 0.05. All the correlation values gotten were above 0.05 and therefore the researcher rejected the null hypothesis and adopted the alternate hypothesis. This showed that there was strong effect of cost change, risk level change, productivity level change, business growth change and service quality level change on the performance of the commercial banks in Nyeri.