



Leveraging Outsourcing Strategies for Organizational Agility of SMEs in Oyo State Nigeria: A Quantitative Analysis

Oyebamiji, F. F¹ & Fasina Tobiloba. O¹

¹Department of Procurement and Supply Chain Management, The Polytechnic, Ibadan, Nigeria,

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ABSTRACT

This study uses structural equation modeling (SEM) to investigate the direct impact of four outsourcing elements - human resources functions, customer support services, finance and accounting, and IT services - on organizational agility in SMEs. A purposive sampling technique was employed to collect data from 700 owners and managers of SMEs in Oyo State, Nigeria. Data analysis was performed with the aid of Path Analysis Structure Equation Modelling using STATA version 15. The study finds that HR outsourcing has a strong positive relationship with organizational agility, suggesting that outsourcing HR functions improves efficiency, improves access to a larger talent pool, and increases flexibility in managing human resources. The study also shows that outsourcing of customer support, finance and accounting, and IT are positively associated with organizational agility. The results suggest that each outsourcing element plays a significant role in improving organizational agility. Therefore, government should create a framework that encourages and incentivizes SMEs to invest in digital transformation through outsourcing. This supportive outsourcing ecosystem can support SME growth, promote job creation in the outsourcing industry, and strengthen the overall economy.



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Corresponding Author's Email: opaleyeflorencefunmilola@yahoo.com

Introduction

The pivotal role of Small and Medium-sized Enterprises (SMEs) have been acknowledged and recognized by entrepreneurs, scholars and professionals across the globe in terms of job creation, poverty reduction, and wealth creation. Sajuyigbe et al (2021) evident that SMEs is a life blood of economic growth and development in both advanced and developing nations like Nigeria. In another study, Al-Afeef (2020) reiterates that the sector is indispensable to economic sustainability, by fostering innovation, creating job and driving Gross Domestic

Product nationwide. In the same vein, Appelbaum et al. (2017) attest that SMEs ensure sustainable and inclusive economic progress. However, recently, the sector has faced a variety of challenges that hinder growth and competitiveness due to financial exclusion, inadequate infrastructure, fast technological changes and an increasingly unstable and uncertain business environment. In this scenario, sectors were recorded due to a significant reduction in the number of small and medium-sized businesses. Clearly, the chairman of the Nigerian Association of Small Business Owners (Asbon) complained that over 10 million small businesses hired the business in 2023.

This development forced small business operators, researchers and scientists to develop strategies such as outsourcing strategies to ensure that sectors respond quickly and effectively to market changes in order to remain competitive. According to Arbussa et al. (2017), outsourcing strategies can be made into small business azil by enabling them to respond quickly and effectively to market changes, technological advances, and customer requirements. Liu et al. (2018) views organizational agility as the ability for businesses to efficiently adapt, innovate and expand operations. Outsourcing strategies such as IT and technology services, HR management, finance and accounting, customer support services, and legal services create platforms for SMEs to increase agility by focusing on core business functions, reducing costs and responding effectively to market requirements. Langenwalter (2019) shows that IT and technology services are equipped with tools for small and medium-sized businesses to operate more efficiently, respond quickly to market changes, and flexibly expand processes. Using these technologies, small and medium-sized businesses can remain competitive and meet customer and market development requirements. Similarly, HRM improves SME agility by implementing flexible labor contracts such as temporary contracts that can quickly scale small business jobs and SMEs through the establishment of a flexible, qualified workforce that can adapt to dynamic business requirements. Financial and accounting functions are also important to ensure financial stability, allowing SMEs to effectively enable navigation for opportunities and challenges. By maintaining more accurate financial records and strong credit proof, SMEs can secure loans, investors can expand their processes and bring new initiatives to the market (Kristianto et al. 2017). Customer support as an outsourcing strategy is recognized as the basis of mobility, allowing small and medium-sized businesses to quickly adapt to their customer needs and maintain strong relationships. Improve both accessibility and response by using several communication channels, such as phone, e-mail, and social media. In addition to the outsourcing strategies mentioned above, legal services assist SMEs in navigation with formal requirements, risk weakening, and operational continuity assurance in competitive environments. Protecting small business innovation and true competitive advantages by protecting brands, patents and copyrights (Krishnan & Scullion, 2017). This indicates that SMEs are adaptable, competitive and resilient by using these outsourcing strategies in a rapidly developing business environment.

Previous studies have designed outsourcing strategies and organizational agility in a variety of ways, especially in large organizations in developed and developing countries, as the relationships between these components are well established (Gurahoo, & Salisbury, 2018; Harraf et al., 2015; Hemmati et al., 2016; Kanten et al., 2017). However, it is still in the early stages to study outsourcing strategies and organizational agility in the Nigerian SME context. This highlights a large gap in the existing literature. Therefore, the purpose of this study is to improve this gap in supply chain management research by examining the impact of outsourcing strategies on the organizational agility of small and medium-sized enterprises in OYO, Nigeria.

Theoretical Framework

Existing studies have drawn on theories which include transaction fee economics, dynamic skills, contingency principle, employer principle, the knowledge-primarily based totally view (KBV), open innovation, lean thinking, structures principle, and strategic suit to set up a sturdy conceptual basis for information the connection among outsourcing techniques and organizational agility in dynamic environments (Sajuyigbe et al., 2021; Ates, & Bititci, 2011; Bařkarada, & Koronios, 2018). This observe is anchored on employer principle, which affords a framework for principals (SMEs) and sellers (outsourcing partners) to cope with project delegation and overall performance control. By cautiously choosing and dealing with outsourcing partners, SMEs can beautify their agility whilst making sure manipulate and alignment with their strategic objectives.

The idea of employer principle, delivered via way of means of Michael C. Jensen and William H. Meckling (1976), addresses the connection among principals (owners/shareholders) and sellers (managers/contractors) in organizational contexts. The principle posits that sellers regularly own extra records than principals approximately precise operations or decisions, developing demanding situations in tracking overall performance. Furthermore, sellers may also act of their self-interest, which may not align with the principals' first-rate pursuits. To mitigate those issues, employer principle emphasizes the significance of designing contracts which include the ones for HRM outsourcing, IT and era offerings outsourcing, finance and accounting outsourcing, and customer service offerings outsourcing at the side of incentives and governance systems that align the pursuits of each events and decrease employer prices (Battistella et al., 2017).

According to Chan et al. (2019), outsourcing includes delegating non-middle or specialised capabilities of an employer to outside contractors or provider providers (sellers). For example, SMEs act as principals and outsource specialised offerings which include IT and era, human useful resource control, finance and accounting, customer service, and criminal offerings to sellers. However, outsourcing introduces risks, consisting of records asymmetry and ability opportunistic conduct via way of means of outside providers. Dahmardeh, and Banihashemi (2010) argue that employer principle permits SMEs to pay attention on their middle skills whilst leveraging outside information for non-middle activities, lowering prices, and responding correctly to marketplace demands. Similarly, Dar and Mishra (2019) spotlight that the principle affords a platform for SMEs to get right of entry to resources, era, and skills that can be missing internally, thereby fostering flexibility and innovation. According to Gunasekaran et al. (2019), employer principle facilitates SMEs lessen inner employer prices via way of means of outsourcing complicated or non-middle capabilities, permitting control to cognizance on strategic decision-making.

In some other study, Gunsberg et al. (2018) assert that organisation concept helps SMEs in turning into agile, as outsourcing companions deliver specialised understanding and innovation, permitting companies to conform to dynamic environments. This attitude indicates that outsourcing lets in SMEs to scale operations effectively with out the weight of preserving huge inner groups or infrastructure. Additionally, resource-restricted SMEs advantage from outsourcing via way of means of getting access to outside talent, superior technologies, and pleasant practices, which decorate their responsiveness and competitiveness. In summary, organisation concept gives a treasured framework for know-how the dynamics and demanding situations related to outsourcing relationships. By addressing organisation troubles via well-dependent contracts and powerful governance mechanisms, SMEs can leverage outsourcing to enhance organizational agility. This agility

lets in them to stay aggressive and adaptable in swiftly converting commercial enterprise environments.

Concept of Organizational Agility

The concept of organizational agility focuses on the organization's ability to use change and succeed in a global business environment. According to Wamba et al. (2020) Organizational agility refers to an organization's ability to respond to risks by identifying opportunities and risks and quickly motivating the required organizational resources. Organizational agility allows SMEs to rapidly adapt their strategies to changing market conditions by determining and analyzing new possibilities and risks (Williams & Olajide, 2020). In another study, Del Giudice et al. (2021) believes that organizational agility allows SMEs to respond quickly to new information and opportunities. Schirmacher and Schoop (2018) confirm that organizational agility creates a platform for small and medium-sized businesses to promote strategies and processes that efficiently and effectively promote innovation, collaboration and continuous learning. Similarly, Žitkiene and deksnys (2018) shows that organizational agility provides small business owners/managers with the autonomy and resources needed to make decisions and take action. Similarly, organizational agility encourages employees to learn, grow and promote teamwork. Similarly, Gligor et al. (2019) stated that organizational agility is a framework that helps small businesses develop a culture that welcomes and promotes change.

Outsourcing strategies

Outsourcing is one of the control equipment that has received significance amongst managers and researchers to clear up today's worldwide enterprise dynamics. According to Harward (2010), outsourcing lets in SMEs to awareness on their center skills and enhances agility with the aid of using outsourcing non-center capabilities including accounting, IT, and customer support to 0.33 parties. Gyemang et al. (2014) affirm that outsourcing non-center capabilities lets in SMEs to awareness their assets and information on their center enterprise activities, which will increase performance and innovation. Similarly, Großler et al. (2012) assert that outsourcing lets in SMEs to leverage specialised abilities and understanding that aren't without difficulty to be had in-house. This is specifically beneficial for duties including marketing, prison advice, and technical support. Similarly, Gilley et al. (2004) suggest that outsourcing can offer SMEs with the ability to scale up or minimize their operations as wished with out the want for huge in advance investments in human assets and infrastructure. An outsourcing method is a plan that describes how SMEs outsource non-center capabilities including human useful resource control, IT and generation offerings, finance and accounting, and customer service offerings to 0.33-celebration companies so that it will lessen costs, growth productiveness and ordinary profits, and enhance the high-satisfactory of the very last product (Dominguez, 2006; Bustinza et al., 2010; Busi, & McIvor, 2008; Bolat, & Yilmaz, 2009; Akinbola et al., 2013). This indicates that an outsourcing method can substantially growth the agility of SMEs with the aid of using permitting them to speedy adapt to marketplace changes, optimize operations, and acquire growth.

Human Resource Management Outsourcing

The concept of HR outsourcing focuses on outsourcing-HR features such as recruitment, payroll statements, training training, performance management, and external service provider compliance with others, with the aim of promoting organizational agility (CIPD, 2022). Werder and Maedche (2018) confirm that outsourcing HR capabilities allow SMEs to spend more time on innovation and strategic decision-making and improve adaptability. Similarly, Worley and Pillans (2019) argue that outsourcing-HR capabilities create a platform for SMEs

to access a wider talent pool, allowing SMEs to quickly coordinate qualified employees to meet market requirements. Through outsourcing HR services, SMEs can improve employee satisfaction through efficient management of pay statements, training and services, and promote a more productive and innovative workforce. This shows that outsourcing-HR capabilities allow small and medium-sized businesses to improve operational efficiency, reduce costs and adapt quickly to market trends. Therefore, the following hypotheses have been proposed:

H1: There is an important relationship between HR function and organizational agility

IT and Technology Services Outsourcing

The idea of outsourcing IT and generation offerings makes a speciality of outsourcing IT and generation offerings including software program development, cloud computing, information management, cybersecurity, IT support, and infrastructure preservation to outside provider vendors with the intention of selling organizational agility. According to Gligor et al. (2019), outsourcing IT and generation offerings lets in SMEs to reply fast and successfully to marketplace and environmental changes, growing new answers or adapting present answers to fulfill new needs. Similarly, De Smet et al. (2018) asserts that outsourcing IT and generation offerings lets in groups to efficaciously make use of confined sources to maximise productiveness and responsiveness. In every other examine, Manfield, and Newey (2018) verify that outsourcing IT and generation offerings facilitates SMEs shield their operations from cyber dangers and make sure enterprise continuity and resilience. A examine through Mashal (2018) suggests that outsourcing IT and generation offerings at once contributes to SMEs' agility in phrases of strategic making plans and prioritizing product development. Mishra (2016) asserts that IT and generation outsourcing allows SMEs to make knowledgeable and agile enterprise choices and additionally facilitates them allocate extra sources closer to innovation and marketplace responsiveness. This shows that outsourcing IT and generation offerings can sell agility for SMEs through supplying get right of entry to to superior generation, decreasing operational costs, and that specialize in innovation and marketplace responsiveness.

H2: There is a widespread affiliation among outsourcing IT and generation offerings and organizational agility.

Finance and Accounting Outsourcing

The idea of Finance and Accounting Outsourcing makes a speciality of outsourcing monetary sports including bookkeeping, payroll control, tax preparation, monetary reporting, budgeting, and compliance control to outside carrier vendors with the purpose of selling organizational agility. According to Mohammed, and Adamu (2020), finance and accounting outsourcing creates a framework for SMEs to beautify their agility with the aid of using enhancing operational efficiency, scalability, and decision-making via outsourcing monetary tasks. This situation could make SMEs to consciousness on innovation, adapt to marketplace changes, and allocate sources strategically, making sure sustained increase and competitiveness in a dynamic commercial enterprise environment. In some other study, Mohammed (2014) argues that finance and accounting outsourcing permit the SMEs to consciousness on their center operations whilst making the most of specialised expertise, superior technologies, and fee efficiency. Hafeez, and Andersen (2014) additionally observe that finance and accounting outsourcing is a strategic device that complements the agility of Small and Medium-sized Enterprises (SMEs) with the aid of using permitting flexibility, scalability, and operational efficiency. In the identical direction, Everaert et al. (2010) display that finance and accounting outsourcing permits SMEs to shift consciousness to strategic

regions like product development, purchaser engagement, and marketplace expansion. This shows that finance and accounting outsourcing empowers SMEs to consciousness on innovation, adapt to marketplace changes, and allocate sources strategically, making sure sustained increase and competitiveness in a dynamic commercial enterprise environment. Thus, the subsequent speculation is proposed:

H3: There is a widespread affiliation between finance and accounting outsourcing and

Customer Support Services Outsourcing

The concept of outsourcing customer support services focuses on outsourcing customer service functions such as handling inquiries, managing complaints, providing technical support, and facilitating post-sales support to external service providers with the aim of promoting organizational agility. According to Nejatian, and Zarei (2013), outsourcing customer support services contributes significantly to increasing the agility of SMEs by streamlining customer interactions, ensuring flexibility, and allowing companies to respond quickly to market trends. In another study, Nejatian et al. (2018) argues that customer support services provide a framework that allows SMEs to focus on their core business while ensuring that customers receive consistent, high-quality service. A study by North, and Varvakis (2016) shows that customer support services enable SMEs to rapidly scale up or scale down their customer support capabilities to meet fluctuating demands without overstretching resources. Reduce the costs of hiring, training, and maintaining an in-house customer support team. Similarly, Potdar et al. (2017) confirm that customer support services enable SMEs to invest in agile initiatives such as digital transformation and market expansion, allowing SMEs to work 24/7 and use modern tools to respond quickly to customer queries. In another study, Pulakos et al. (2019) state that customer support services create a platform for SMEs to provide real-time support, meet customer expectations, and stay ahead of competitors. Also, a study conducted by Rivera (2017) confirms that customer support services enable SMEs to engage with customers through their preferred channels such as social media, email, and live chat, making them more responsive and adaptable. Thus, the following hypothesis is proposed:

H4: There is a significant association between customer support services and organizational agility.

Linkage of Conceptual Framework

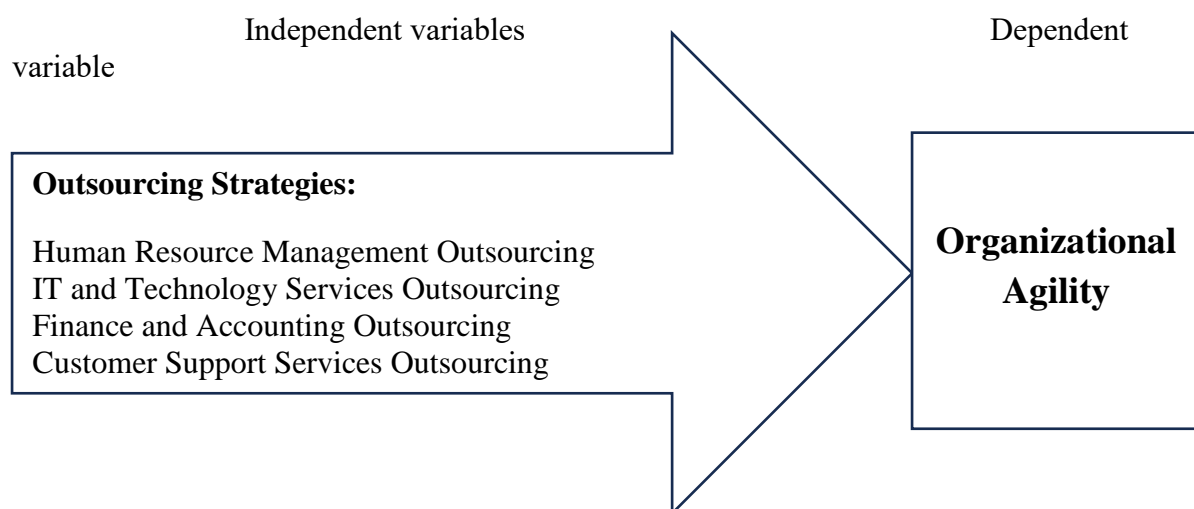


Figure 1: Conceptual Model

The research model in Figure 1 explains the relationships between the studied variables, with outsourcing strategy being explained as the independent variable and organizational agility being explained as the dependent variable.

Methodology

The study used a descriptive research design and 780 copies of the questionnaire were distributed to the respondents between November 5, 2024 and December 23, 2024. Later, 700 copies of the questionnaire were collected as the importance of the study had been explained to the owners and managers of SMEs in advance. The data collection instruments for this study included questionnaires on human resource management outsourcing, IT and technology services outsourcing, finance and accounting outsourcing, customer support services outsourcing, and organizational agility. The Human Resource functions questionnaire was developed and validated by Williams and Olajide (2020) and anchored on a 5-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). Sample items include: Outsourcing HR functions has reduced operational costs in our organization, HR outsourcing has improved the efficiency of payroll processing and recruitment, the external HR service provider aligns well with our organizational culture and needs, and HR outsourcing has helped us comply with labour laws and regulations. The authors reported a reliability alpha of 0.835 for the scale.

IT and Technology Services Outsourcing Survey, Gligor et al. (2019) and fixed on a 5-point Likert scale, (1) strongly (5) strongly matched. Examples of objects include: IT-Outsourcing has improved our ability to use advanced technologies. Outsourcing IT functions has made our efficiency more efficient. External IT service providers ensured robust data security and system reliability, and IT outsourcing allowed them to focus more on their core business activities. The authors reported a reliability alpha of 0.891 for the scale.

Finance and Accounting Outsourcing Survey was developed and verified by Mohammed and Adamu (2020) and fixed on a 5-point Likert scale. Examples include outsourcing finance and accounting capabilities that improved the accuracy of financial reporting. Outsourcing providers have reduced operating costs for our organization through financial regulations and compliance with standards, funding, and settlement campout tours, and improved the topicality of financial reporting through outsourcing. The authors reported a reliability alpha of 0.861 for the scale.

For a survey on outsourcing customer support services, see Pulakos et al. (2019) and fixed on a 5-point Likert scale, (1) strongly (5) strongly matched. Sample articles show that outsourcing customer support improves customer satisfaction with customer satisfaction, outsourcing providers provide immediate and effective responses to customer inquiries, outsourcing customer support improves overall quality of customer service, and outsourcing providers match customer service. The authors reported a reliability alpha of 0.832 for the scale.

Organizational Agility Survey was developed and validated by Werder and Maedche (2018) and fixed on a 5-point Likert scale that strongly disagrees (1) (5). Examples include: We will quickly adapt to changing market conditions and customer needs. Outsourcing services improve the flexibility and responsiveness of our organization, and the introduction of technology through outsourcing will increase organizational agility, and external partnerships will help us use new opportunities and risks. The authors reported a reliability alpha of 0.879 for the scale. Data were analyzed using STATA version 15. Path analysis structural equation modeling (PA-SEM) using STATA version 15.

Table 1: Summary of Results of the Measurement Instruments Validation and Reliability

Variable	Items	Loadings	Cronbach's Alpha	CR	AVE
HR Outsourcing	HROQ1	.819	0.835	0.848	0.827
	HROQ2	.825			
	HROQ3	.811			
	HROQ4	.829			
	HROQ5	.841			
	HROQ6	.821			
IT and Technology Services Outsourcing	ITSOQ1	.833	0.847	0.822	0.859
	ITSOQ2	.831			
	ITSOQ3	.819			
	ITSOQ4	.820			
	ITSOQ5	.821			
	ITSOQ6	.826			
Finance and Accounting Outsourcing	FAOQ1	.819	0.828	0.862	0.8718
	FAOQ2	.828			
	FAOQ3	.819			
	FAOQ4	.838			
	FAOQ5	.812			
	FAOQ6	.819			
Organizational Agility	OAQ1	.812	0.829	0.872	0.852
	OAQ2	.820			
	OAQ3	.817			
	OAQ4	.823			
	OAQ5	.841			
Customer Support Services Outsourcing	CSSOQ1	.836	0.847	0.853	0.865
	CSSOQ2	.830			
	CSSOQ3	.827			
	CSSOQ4	.837			
	CSSOQ5	.812			
	CSSOQ6	.817			

Table 1 shows the validation and reliability results for the five constructs: HR outsourcing, IT and technology services outsourcing, finance and accounting outsourcing, organizational agility, and customer support services outsourcing. The loading values are close to 1.00, suggesting that the items strongly measure the underlying constructs. The Cronbach's alpha values for all items are typically above 0.70, indicating that the items within the constructs are highly correlated and consistently measure the same underlying concept. The CR and AVE values are typically above 0.70 and 0.50, respectively. This suggests that the construct is adequately measured by the items, meaning that high factor loadings and acceptable Cronbach's alpha and CR values suggest that the items effectively measure the intended construct, while adequate AVE values indicate that the construct is distinct from other constructs in the study.

Results and Discussion

Socio-demographic characteristics

Background information included gender, age, education level, and years of service. In terms of gender, 58% were male and 42% were female. In terms of age, only 15% of the respondents were under 25 years old, while the majority (35%) were between 25 and 35 years old. Respondents aged 36-48 and 49-55 accounted for 30% and 10% respectively. This suggests that more young people are engaged in SMEs and contributing to sustainable development. In terms of education, 43% of the respondents had vocational training, 44% had a diploma, 6% had a bachelor's degree, and 6% had a master's degree. 43% of the businesses had been in business for more than 20 years. 28% had been in business for 15-19 years, 15% had been in business for 10-14 years, and 15% had been in business for 5-10 years.

Table 2: Path Analysis Structural Equation Modelling (Direct Effect)

Path	Beta-value	t-value	p-value	Hypothesis	Remark
HR→OA	0.721	9.09	0.000	H1	Supported
CSS→OA	0.714	9.12	0.000	H2	Supported
FA→OA	0.624	8.26	0.000	H3	Supported
ITS→OA	0.763	9.49	0.000	H4	Supported

Note: HRO = HR functions, CSSO= Customer Support Services outsourcing, FAO = Finance and accounting outsourcing, ITSO = IT and Technology Services Outsourcing, OA= Organizational agility

Table 2 evaluates the direct effect of four outsourcing factors (HR, CSS, FA, and ITS) on Organizational Agility (OA) using Structural Equation Modelling (SEM). The beta-value of 0.721 indicates that there is a strong positive relationship exists between HR outsourcing and organizational agility. This shows that HR outsourcing significantly improves organizational agility by increasing efficiency, access to talent and flexibility in HR management. This study is in line with Werder and Maedche (2018) that outsourcing HR functions allows SMEs to spend more time on innovation and strategic decision-making and improve adaptability. Similarly, Worley and Pillans (2019) argue that outsourcing-HR capabilities create a platform for SMEs to access a wider talent pool, allowing SMEs to quickly coordinate qualified employees to meet market requirements. This shows that outsourcing the HR function allows SMEs to improve SMEs, reduce operational efficiencies, reduce costs, and adapt quickly to market trends. This study addresses Nejaian and Zarei (2013), and outsourcing customer support services has contributed significantly to increasing the agility of SMEs by optimizing customer interactions, ensuring flexibility, and enabling businesses to respond quickly to market trends. In another study, Nejang et al. (2018) argue that customer support services provide a framework that ensures that small and medium-sized businesses are focused on their core businesses while simultaneously providing customers with consistent, high quality services. A study by North and Varvakis (2016) shows that customer service allows SMEs to scale or scale customer service features to meet fluctuating requirements without overloaded resources. Reduce the costs of setting up, training and maintaining your internal customer support team. Similarly, Potdar et al. (2017) Customer Service ensures that SMEs can invest in agile initiatives such as digital transformation and market expansion, enabling SMEs to work round the clock and respond quickly to customer inquiries using the latest tools. In another study, Pulakos et al. (2019) said that customer care services will create a platform for small and medium-sized businesses to provide real-time support, meet customer expectations and stay ahead of their competitors.

A beta value of 0.62 indicates a moderately strong positive relationship between financial and accounting outsourcing and organizational agility. This means that financial and accounting outsourcing contributes to agility by ensuring accurate and timely financial processes and enabling better resource allocation. This study agrees with Mohammed (2014). Financial and bookkeeping coefficients allow SMEs to focus on their core processes while simultaneously benefiting from specialized expertise, advanced skills and cost-effectiveness. Hafeez and Andersen (2014) also found that fiscal and accounting outsourcing is a strategic tool to improve the agility of small and medium-sized enterprises (SMEs) by enabling flexibility, scalability and operational efficiency. Everaert et al. (2010) demonstrate that financial and accounting outsourcing allows SMEs to concentrate on strategic areas such as product development, customer loyalty and market expansion. This shows that financial and accounting outsourcing allow small and medium-sized businesses to concentrate on innovation, adapt to market changes, and strategically allocate resources.

444 Evidence shows the strongest positive relationship between variables between outsourcing and organizational agility, with beta values of 0.763 and 0.949. This means that perhaps has the biggest impact on organizational agility due to access to progressive technology, the efficiency and scalability of the company. This study was conducted by Gligor et al. (2019) By outsourcing IT and technology services, SMEs can respond quickly and efficiently to market and environment changes, develop new solutions, adapt existing solutions to meet new requirements. Similarly, De Smet et al. (2018) argue that outsourcing and technology services allow businesses to effectively use limited resources to maximize productivity and responsiveness. In another study, Manfield and Newey (2018) confirm that outsourcing IT and technology services helps SMEs protect their businesses from cyber risk and ensure the continuity and resilience of business operators. A study by Mashal (2018) shows that outsourcing and technology services directly contribute to SME agility in terms of strategic planning and prioritization of product development.

This indicates that all outsourcing areas contribute significantly to mobility. This illustrates the need for a balanced, integrated outsourcing strategy. Therefore, all H1-H4 are supported.

Conclusion

This observe makes use of structural equation modeling (SEM) to research the direct effect of 4 outsourcing elements - human assets features, customer service services, finance and accounting, and IT services - on organizational agility in SMEs. The observe reveals that HR outsourcing has a robust high-quality courting with organizational agility, suggesting that outsourcing HR features improves efficiency, improves get admission to to a bigger expertise pool, and will increase flexibility in coping with human assets. The observe additionally indicates that outsourcing of customer service, finance and accounting, and IT are definitely related to organizational agility. The outcomes endorse that every outsourcing detail performs a good sized function in enhancing organizational agility. IT outsourcing has the best effect, observed via way of means of outsourcing of HR, customer service, and finance and accounting. To maximize agility, groups ought to pursue a balanced, included outsourcing method that leverages the precise strengths of every outsourcing discipline. This method allows SMEs to enhance efficiency, reply to marketplace changes, and stay aggressive in a dynamic commercial enterprise environment. In summary, outsourcing is a strategic device that allows SMEs to reap sustainable boom and adaptability, highlighting the significance of aligning outsourcing practices with SMEs goals.

Practical Implications

The realistic implications of this observe offer crucial insights for SME proprietors and policymakers enforcing outsourcing strategies. SME proprietors ought to leverage outsourcing as a strategic device to enhance organizational agility. Outsourcing non-center capabilities which include HR, IT, finance, and customer service permits SMEs to cognizance on center sports which include innovation and marketplace expansion, letting them reply speedy to marketplace changes. SMEs ought to prioritize their investments in IT outsourcing through leveraging outside know-how to get right of entry to superior technologies, enhance operational scalability, and defend towards cybersecurity dangers to make sure continuity and resilience. In addition, SME operators ought to strategically outsource finance capabilities to align with commercial enterprise desires even as making sure fee efficiency, and additionally do not forget outsourcing customer service capabilities to make sure 24/7 provider availability and speedy reaction times, specifically in customer-dealing with industries. Policymakers want to create a framework that encourages and incentivizes SMEs to put money into virtual transformation via outsourcing. These supportive outsourcing surroundings can aid SME growth, sell activity advent withinside the outsourcing industry, and beef up the general economy.

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