

MOUNT KENYA UNIVERSITY

VIRTUAL CAMPUS

**EFFECTS OF OUTSOURCING MACHINES ON FINANCIAL
PERFORMANCE OF AN ORGANIZATION**

(CASE STUDY NZOIA SUGAR FACTORY)

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ABSTRACT

Outsourcing of machines is a growing aspect of supply chain management and is receiving a lot of attention from sugar industry globally. This is because there is stiff competition in this industry and customers are exerting a lot of pressure on the firms in terms of; demand variability, reduced lead-time, need for customized products and services.

Therefore, companies can no longer compete on cost reduction alone, but also on how efficient they can outsource machines. This study establishes the extent sugar firms outsource machines and the impact of outsourcing them on the financial performance of the organisation.

The research will be carried out through a descriptive survey design which will question respondents on the extent sugar firms, and in particular Nzoia sugar company, outsource machines and the impact of outsourcing on financial performance. The population of the study will mainly constitute of procurement officers, marketing managers, production managers and employees of the firms in Western Kenya. The sample of this study will consist of 50 respondents who will be drawn from three sugar firms. The data collected will be analysed by use of frequency, percentage and correlation analysis. The analysis will indicate the extent to which the firms outsource production machines, logistics transport machines, information systems, facilities maintenance tools and equipment, general machineries are outsourced.