



Nexus Between Risk in Outsourced Activities and Operational Performance of Electricity Distribution Company in Nigeria

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Abstract

The emergence of globalization has made outsourcing become one of the most used corporate strategies for providing top-notch services to various service industry which the electricity distribution sector is not left out. The study aims at examining the outsourced risk and operational performance of electricity distribution company in Nigeria using Benin Electricity Distribution Company (BEDC) as a case study. The study employed survey research design with a sample size of 14 business managers who were selected purposively. The data collected were analyzed using correlation analysis to determine the risk inherent outsourced activities posed are associated with operational performances. The findings of the study shows that the Pearson correlation value $r = 0.333$ between security & privacy risk and operational performance indicates a positive and low relationship at ($P=0.245$; $P>0.05$) significant level, the Pearson correlation value $r = 0.311$ between operational risk and operational performance indicates a positive and low relationship at ($P=0.279$; $P>0.05$) significant level, and the Pearson correlation value $r = 0.543$ between financial risk and operational performance indicates a positive and moderate at ($P=0.045$; $P<0.05$) significant level in the study area. In line with the findings, the study concludes that all risks factors are contributing element to operational performance except for financial risk having a moderate influence on operational performance in the study area and recommends that as much as risk is an important factor in business, the services of outsourced vendors should be cautioned so as not to expose the organization to too much of risk.

Keywords: Outsourcing, Risk, Operational performance, Distribution company, Electricity

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