

**BUSINESS PROCESS OUTSOURCING AND THE PERFORMANCE  
OF BIDCO AFRICA COMPANY**

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**A RESEARCH PROJECT SUBMITTED IN FULFILMENT OF THE  
REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTER OF  
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## **DECLARATION**

I hereby declare that this work is my original work and has not been presented for a degree or any other award in any other University.

Signature.....

Date.....

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**D61/83012/2012**

I confirm that this research project has been developed by the student under my Supervision

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## **DEDICATION**

This work is dedicated to my family for their moral, financial support, encouragement and understanding my concerns and availability time it took to finish

## **ACKNOWLEDGEMENTS**

I would like to acknowledge and appreciate the moral and material support that I received from many people towards the completion of my research project from start to the end. I also acknowledge my family and friends for always keeping my spirit motivated.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>BPO</b>	Business Process Outsourcing
<b>GD</b>	Gross Domestic Product
<b>HRM</b>	Human Resource Management
<b>IT</b>	Information Technology
<b>KAM</b>	Kenya Association of Manufacturers
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>R&amp;D</b>	Research & Development

## **ABSTRACT**

The study examined the business process outsourcing and the performance of Bidco Africa Company, the researcher therefore had to assess the business process outsourcing by the organization at different levels and the synergy brought about by the same. This means that the greatest task was to check the utilization of the outsourcing by Bidco Africa for the best interest of the organization. The study was therefore set on two objectives that is the; to identify the BPO services at Bidco Africa and the second objective was to identify the Effects of Business process outsourcing on the performance of Bidco Africa. This study adopted interviews as the research instruments, these were considered by the researcher because they were direct and the researcher would get a feel of the respondent's answers and responses since it is face to face and direct. The study covered introduction, researcher objectives and questions in chapter one, the literature review was covered in chapter two of the current research. On the other hand the third chapter of the study covered methodology, while chapter four was made of data analysis findings and discussion. In conclusion the study found that the Business process outsourcing had a positive effect on the performance of Bidco Africa. This means that the outsourcing activities increased the ability of Bidco Africa to utilize the available resources and the time, thesis by making sure that the human resource concentrate on the activities in which they are specialized in therefore getting the best results in output.



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Firms globally are focusing much on optimal performance in all their undertakings with an ultimate aim of reducing cost and ensuring quality, speed to ensure customer satisfaction through timely delivery of the products and service at the right place while at the same time observing quality (Willcocks et al., 2017).

Some theories supporting BPO have been advanced for example, porters diamond model which focuses on BPO as a competitive model tool through specialization. Theory of evolution and emergent and core competencies theory which focuses on system changes over time and thus need to allow experts in certain fields with frequent technological advancements do certain duties they are experts in. Theory of evolution advocates for speciation in certain areas of expertise. It focuses on specializing in core business operations while outsourcing noncore activities.

The world is now characterized by Innovation and inventions as essential part of industrial advancement. The industry is increasingly paving way to error of information and know-how economy. The current economy is depicted by globalized world, dynamic advancements in technology, increased and fierce competition, continuously changing business models and uncertainty brought about by constant change such as dynamic changes and developments technology and telecommunications. Advanced production means, and infrastructure has led to production of advanced designed goods and services in accordance to dynamic customer taste and preference changes. The production of such products can be produced in other part of the country of the parent firm owning the product (Ronan, 2016).

Continuous organizational evaluation of production strategy as well as improved and advanced business means and strategies to suit the business environment is a key focus among firms with the main considerations seeking cost reduction, effective business means, and improving customer service (Willcocks et al., 2017).

### **1.1.1 Business Process Outsourcing**

Business process outsourcing entails contracting of operations and responsibilities to a third party service provider who is an expert in the field. The functions are normally of specific nature. (BPO) is the process of awarding noncore activities that are information technology centered business activities to an external provider that who is an expert in certain areas undertake management of noncore processes based on defined and measurable performance metrics. BPO functions and activities are grouped into those cuts across specific industries (horizontal offerings) and those which are tailor-made to certain industries and activities based certain knowledge need to be known as (vertical specific offerings). BPO involves out sourcing of back office services such as finance, human resource and accounting. It also involves front office such as customer service and contact center. BPO can be outside the country of the outsourcing firm known as offshore outsourcing. Much of the processes are information technology functions which is technology enabled services, for example process outsourcing that focuses on provision of legal services knowledge process outsourcing legal (Lacity & Willcocks. 2013).

The major driving force for outsourcing is flexibility. Due to advancement in technology, firms do outsource for time flexibility such as flexibility in resource management and quality control of services and activities. By outsourcing firms can focus much on core activities (King, 2013). Financial services aimed at reduction of costs and efficiency improvement as well as transparency in undertakings, advanced knowledge and skills and economic of scale benefits are the common and most considered by outsourcing firms (Kern & Blois, 2002). Strategically, the objective is to address the ability of outsourcer to boost and increase the vendor's capabilities to achieve strategic advantages such as technological intent to acquire to technology related expertise which are important in improvement and for innovations and related functions (Lacity & Willcocks, 2001).

Technology, growing international agreements and decline of communism ideology has made the business world a global village, this is what is referred by Friedman (2005) as flat business platform. In current 21st century characterized by technological advancement, firms which have embraced technological innovations and invention such

as India and China which are characterized by sophisticated technology setups are most likely to dominate the industry. The advanced technological structural setup has put them in world map as giants economically in this emerging market. Creativity and innovation are the lifeblood of the knowledge economy. The western economies characterized by aging and shortage in skills comprising part of the population has seen them opt for global knowledge and skills from the global arena. With internet and advanced telecommunication, creative skills and knowledge can easily be accessed globally. The leading multinational national corporations are utilizing the opportunity through development (R&D) globally (Florida, 2002).

### **1.1.2 Organizational Performance**

Performance of an organization is all about the management process of analyzing organization performance in comparison to goals and intended objectives. It is about work done and results achieved with an aim of achieving key strategic objectives and goals of an organization. It's a means of monitoring organization's activities (Kaplan, 2017).

Firm performance and success in BPO outsourcing of services is measured in financial and Non-financial terms. The traditional financial measures are return on assets and earnings per share. The current financial measure which is inclusive and more accurate is use of balance scorecard which links all organizations performance measures in terms of financial perspective, international business perspective, innovation and learning perspective and customer perspective. Financial perspective measures in terms of cash flows, sales growth and operating income in various divisions, increased market share and return on investment. A customer perspective measure involves new product percentage of sale, key accounts purchase. Innovation and learning perspective involves time to generate next generation product, time maturity process, 80% products that translate to sales, new product introduction in relation to competition. Internal business perspective measures performance in terms of manufacturing in relation to competition and engineering efficiency (Kaplan, 2017).

In non-financial metrics, business measures performance in terms of sales in relation to relative targets. The target depends on product lines, clients and clientele characteristics (Salamon& Robinson, 2008). Productivity and employee performance is another organization measure it measures productivity in terms of revenue divided by the number of employees. Other non-financial measures include cycle time and defect rates (Norton, & Burns, 2008).

Financial metric is employed due ability of financial data especially for the listed firms. The use of public financial information tend to be creditable given that that they are always subject to audits making it more reliable for evaluation performance of firms(Smith et al.,1998). By focusing on core competencies that matter and core makes it easy for firms to maximize returns for example interim returns (Quinn &Hilmer, 1994).

### **1.1.3 Manufacturing Firms in Kenya**

Kenya food manufacturing industry comprises of foods, beverages and tobacco for example dairy foods, vegetable oils, grain milling fruits and vegetables, meat etc. The industry contributes to 10.3% to Kenya's domestic product. The industry has demonstrated a slow growth in the last two years with a growth of 3.2% in 2014 and growth of 3.5 in 2015 and 3.6% growth in the quarter of 2016. Compared to Kenya's economic growth, the industry is slowly growing (KNBS, 2016). The sector is characterized by both formal and informal business enterprises. In Kenya, manufacturing industry and related sector contributes to 10% of the Gross Domestic Product (GDP), 13% of formal employment and 12.5% of exports.

Food manufacturing industry in Kenya constitute a third of manufacturing sector in Kenya. Food manufacturing covers foods, beverages and tobacco. The sector adds value to agricultural produce and depends much on efficient agricultural sector. In Kenya, manufacturing industry and related sector constitute 1232companies 22% being private sector firms (KAM, 2012).

#### **1.1.4 Bidco Africa**

Bidco Africa is a consumer goods company based in Kenya. Bidco Africa has its presents and distributorships in a total of 16 neighboring countries within East Central and Southern Africa. The product ranges from edible or human Oils and healthy fats as well as margarine, laundry bars and detergents, personal care products, and animal feeds. Bidco Africa owns produces over 40 brands making it the largest producer, marketer, and retailer of consumer goods in the East and central Africa region. It has 5000 human resource capacity with presence in Kenya, Uganda, Tanzania and Madagascar. It earns extra revenue from export sales around Africa (Ware, 2013). The company is now expanding and is investing \$200 million in its expansion strategic plan which seeks to raise revenue to \$ 1 billion.

#### **1.2 Research Problem**

Continues innovations, invention and advancement in technology, firms are looking for the best and efficient ways to achieve its objectives, and outsourcing has become one of thebest alternative decision among many firms. As a strategy function, business process outsourcing has been adopted by many firms. Various studies have been conducted on outsourcing as a topic and most have come to conclusion that outsourcing is a crucial business strategy. Kurui (2001) in his studies concluded that outsourcing is significant in elimination of duplicates service activities. Nyaoga and Ombati (2013) in their studies found out that outsourcing has an impact on lead time and customer service in supermarkets.

David (2005) and panda (2012) in their studies on business process outsourcing concluded the findings in terms of social economic contribution to society in terms of job creation and preservation but they did not focus on it as a strategic tool to performance which this study seeks to fill. Lynsons and Farriangton (2006) argue that outsourcing can be a liability to a firm due to firms loose of control over certain services; this thus calls for further research on the field. Lacity and Willcocks (2013) in their studies outsourcing and business process for innovation, argues that business process outsourcing continuous

to grow at estimated 25% annually and they suggested a further study on strategic path and motivation of outsourcing.

Grewal and Tansuhaj (2001) opines that strategic positioning of the business through flexible strategies leads to firm performance. There thus a gap as to where firms should be strategically flexible in relation to firm performance which this fills by focusing on business process outsourcing as a strategy.

With cutthroat competition, characterized by shrinking product cycles, increased globalization and dynamic technological advancement, a flux state has been created in business arena with many variations in the external environment. There is thus need for firms to strategically reconfigure in an effort to exist and be competitive and for performance improvement (Johnson, Lee, Saini, & Grohmann, 2003). This study therefore seeks to fill the existing gap by conducting a further research on outsourcing with specific focus on business process outsourcing as a strategic function to firm performance.

### **1.3 Research Objective**

The objectives of the study are:

- i) To identify the BPO services at Bidco Africa.
- ii) To identify the Effects of Business process outsourcing on the performance of Bidco Africa.

### **1.4 Value of the Study**

This study formed a basis for future researchers and academicians who may be conducting research on effects business process outsourcing and performance of firms. It gave more light on the topic of study and act as a source of reference for learners. The study helped to furnish the future researcher with relevant information regarding business process outsourcing. This will be of great importance since it will contribute to the general body of knowledge and form a basis for further research.

The findings of this study will also be helpful for firms who wish to outsource their services to a service provider as well as help firms understand the benefits of sourcing

expert services and technology globally. It will also be useful to potential service providers since it will provide much insight as to where and how can they be of value to other firms globally.

Finally it will be very helpful for the management of Bidco Africa since it will be in a position to understand the emerging issues in information technology and business trends and practices with regard to Business process outsourcing. The findings of this study will help the firm make future plans and adjustments in its operations so as to improve its service delivery and product improvement through focused management to core businesses. The study will also be significant for firms who would wish to benchmark from the regional adopters of the business process outsourcing concept.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The chapter of the study is concerned with review of past research studies related literature of the study. The study derives materials from various sources which are closely related to the theme and the objectives of the study. It highlights trends relating to the research topic and detailed summary of the concept of business process outsourcing as a strategic means to performance of firms.

### **2.2 Theoretical Foundation**

With the business world being reduced to global village through technological advancement, the way of doing business has led to business process outsourcing as a strategy to effective and better performance of firms. The internet and the world keep on turning efforts being aimed at achieving new and best economy prosperity. Part of the striving is based on technological breakthrough that its arrival was more pronounced in the year 1990. Standing on the shoulders of these innovations are best and improved communication characterized by low earth orbit satellite which brought about easy communication globally and no place on earth that is beyond reach of information and data system created over the last decades. This technological revolutionary and communication structure has led to business process outsourcing as part of major innovations. It involves outsourcing of business processes to external expert service providers (Hitt, Keats & De-Marie, 1998).

It is estimated that in the recent future that more than \$100 billion business process functions will be delegated to expert firms by organizations with the driving force being substantial change in the activities which business plan to undertake, is pressure arising from an increasingly dynamic and competitive marketplace. The major key is for all organizations to focus on key and core value adding activities. Non-core activities are also very crucial and as such they need to be left with competent specialist expert organization that these non-core activities are their main activities. By Outsourcing these noncore activities, the business benefit from lower inventory cost, management time reduction and production flow improvement (Andrew, 1998).



### **2.2.1 Theory of Specialization**

The theory was advanced by Adam Smith in 1976; it focuses on division of labor. It focuses on economic benefit that countries get from doing business with one another with a main focus on the best country being left with certain business activity such as production of parts. It is an economic productive exchange among business partners with competency being the key factor. Prahalad and Hamel (2008) advocate the need for businesses to focus on their competencies. The model argues that businesses should operate as few non-core business activities that generate less revenue. Ideally when a business is growing all its business processes are core. However as the business grows, with costs associated with administration and overheads cost keeps increasing, there are a number of processes that are expensive but not directly in revenue generation such as accounting, Human resource and payroll, legal services. They are only needed for business to smoothly operate but not directly attributed to core activity of the business and if a business specializes on its core business activity then it will not operate such noncore business processes and thus need to outsource them to experts (Click & Duening, 2004).

By taking advantage of expert services at lower costs globally businesses can cut cost by around 25% to 50% with an advantage of keeping a more focused work force and observing quality of service which act as a competitive advantage to the business (Rick & Duening, 2004).

### **2.2.2 Theory of Competencies**

The core competency theory argues based on resource and technological advancements. It focuses much on competencies and skills of the organizational skills and talents as a resource. A good number of businesses that are short of the set of skills threshold among existing employees which may take time and cost to in training and acquisition of new skills which may not be financial prudent and businesses have opted to working with outsourcing such activities to vendor who could provide required skill. There are functions and processes that businesses feels that they are not necessary for the services and tasks, and are not the part of core services of the Bidco Africa thus need to outsource

those tasks instead of developing those competencies in house (Zimmermann & Ravishankar, 2016).

As the technology continues to evolve and newer hardware and software gets deployed in networks, it becomes difficult for the users to train employees for acquiring new sets of skills required and to maintain newly advanced technologies. The vendors on that other hand have successfully developed necessary skills and competencies hence clients tap into this resource as a part of an outsourcing strategy with outsourcing of business processes, the business may competitively advantage with regard to the existing business relationships with other organizations (McIvor, 2005). A Mix of capabilities and resources when utilized in appropriate manner leads to competitive advantage for the business (Kutsikos & Mentzas, 2012).

### **2.2.3 Transactional Economic Theory**

The transactional theory was advanced by Williamson in 1996 explains the business structures relationships and their supply chains. The theory advocates for rationality in business, opportunism and information with a specific focus on information asymmetry and specificity with regard to assets with an aim of directing business towards efficiency and economizing the transaction cost. The theory looks into business process outsourcing in terms of degree of customization and the nature of certain transactions between business firms so as to bring about economizing the transaction cost. It argues that transactions that are not standardized do not need to be a preserve of a particular business partner. It advocates for transactions that require certain specialized equipment and resources which include knowledge and skills (Willocks, 2014).

Availability of certain assets and resources determine the outsourcing needs of a business with a focus on cost. The theory holds that the service provider is the firm with lower production cost brought about by economies of scale and the outsourced service is not the core business activity of the outsourcing firm. The theory further argues that the main drivers of outsourcing is economies of scale and as a strategic function (Kakabadse & Kakabadse, 2002). The argument is that it is the transactions that determine particular business process and exchange. The transaction cost theory has thus become a guide

towards economic decision of make or buy which this study relates to produce or outsource. Strategically the business focuses on core competency in terms of resource decision making and cost reduction or improvement based on economies of scale as a transactional strategy and agency which looks into the relationships between two or more businesses (Willocks, 2014).

### **2.3 Business Process Outsourcing and Firm Performance**

Technological advancement and globalization has led to total change in the way business is being done, a situation which has resulted in the international market place. Business process outsourcing is categorized into back office processes such as human resource function and other segments such as information technology. Businesses have adopted BPO as means to eliminate non-core business competences. It is an important aspect to ICT enabled services such as human resource. BPO entails outsourcing labor intensive and labor management activities. Current findings on BPO concentrates on international business labor activities and information systems (Jensen, 2012).

IT (BPO) involves outsourcing of a number of IT intensive and related services to external service provider. This includes global relationship known as off shore outsourcing which include Engineering designs, animation and network management with crucial part being in software (Deng et al., 2013). Lee and Kim (2010) argue that IT outsourcing has more positive value effect compared to other BPO services. BPO is business outsource process with IT being key support process. To save time and administrative costs, firms opt for human resource outsourcing if it's considered a noncore but important activity. HRM BPO involves outsourcing recruiting and training of staff activities, payroll and record management and Benefit administration.

BPO continuous to record a tremendous evolution globally and remains to be one of the largest growth areas in outsourcing practice. It mainly focuses on outsourcing of the non-core ancillary activities business activities of a firm to a third party who has domain expertise and good reputation for in-time delivery of services at a pre-determined standard. In 1990 the liberalization, privatization and globalization concept lead to

paradigm shift of industries in India to wide adoption of information technology (Aruna, 2012).

Many of the early adopters of outsourcing were those who were looking for software development expertise and those who wanted experts in help desk and call center. In 1990 the labour pool for such service in united states of America (U.S.A) were very tight, a situation that made leading companies opt for the next best alternative labour providers which lead to global personnel consideration and occasionally the very institution turned their focus to international labour market for skilled and cheaper labour (Duening, 2004).Initially the process involved only outsourcing of IT related services but currently it covers almost every business process. The BPO has thus turned out to be a business innovation strategy that proves a new way of providing solutions and a source of competitive advantage (Duening, 2005).The concept of outsourcing has been major business strategic means for the last two decades and it continuous to be a major dynamic business strategic practice and is increasingly becoming a trending strategic option for many business (Cunden, 2008).

Firms are increasingly partnering with outsources to benefit from competitive skills improve service levels and e able to respond to dynamic business changes. Business process outsourcing covers the entire business unit which include a wide scope of activities ranging from back office as well as customer related functions such as data processing, digital marketing, social media account management and accounting. The different kinds of services offered by BPO's include Customer Support, Technical Support, Telemarketing, Insurance Processing, Data Processing, Internet / Online / Web and research. The cheap labor costs and the pool of skilled, English-speaking Indians have always been the two foremost factors contributing to the BPO boom in the country (Click, 2005;Duening, 2005).

According to Kakabadse and Kakabadse (2002) traces development of outsourcing to ancient Roman Empire, where tax collection was outsourced. In the early years of American history, the production of wagon covers was outsourced to Scotland, where

they used raw material imported from India in the production process (Kelly, 2002). Outsourcing remained popular in the manufacturing sector, with part of the assembling in many industries being sub-contracted to other organizations and locations where the work could be done more efficiently and cheaply (Vaze, 2005). Firms are motivated by the belief that sustainable competitive advantage can only be achieved through a focus on core competencies, and firms have chosen to concentrate on what an organization does better than anyone else while outsourcing the rest (Lacity & Hirschheim, 1993).

#### **2.4 Knowledge Gaps**

The researcher found the knowledge gap of the study on the literature review and the studies that were reviewed during the study. In most of these studies which were covered by the researcher during literature review it was clear that the issue of Business Process Outsourcing and performance of Bidco Africa was inadequately covered. This prompted the decision of the researcher to cover this as the research gap.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research design data collection and data analysis used in the study.

### **3.2 Research Design**

Kothari (2004) defines research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the conceptual structure in which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. A research design is a plan outline of how answer will be generated to research problem (Mugenda, 2003). This study adopted a case study because it is an investigation of institution and individuals. The approach is appropriate for this study, since the study intends to collect detailed information through descriptions and will be useful in establishing the effects of business process outsourcing on the performance of Bidco Africa.

### **3.3 Data Collection**

The information and data collection is the process of gathering relevant information on the study problem (Kothari,2003). The study adopted both primary and secondary data collection methods/techniques. Primary data was implemented through interview guide. Interview guide will be structured in accordance to Rumelt (1998) proposed guide. The respondents interviewed were the head of departments, Plant managers, strategy and operations manager, Public relations and Customer services and Information technology heads.

The method that was adopted by this study is interview guide. This entailed structured plan of investigation and set of predetermined questions with the aim of obtaining qualitative data. This method used the study guide method as suggested by Rumelt (1998) which proposed four criteria evaluation strategy as a basis for evaluating the relationship

between business process outsourcing and organizational performance. The interview questions were structured in a manner that created conducive environment by avoiding leading questions.

The respondents who were selected to take part in this study were identified by their rank in the company. The researcher was however careful to give managers from departments an equal opportunity to take part in the study. The respondents were selected from key departments so that to capitalize on the type of information they would provide. This means that the type of information they will provide would be able to give answers and meaning to the objective of the current study. The research used only one instrument in the place of establishing the research questions and the study. The researcher used the interview guide. This tools or research instrument was adopted so that to be able to get the feeling of the World.

### **3.4 Respondents**

The study concentrated on the people who are more involved in decision making for Business Process Outsourcing in Bidco Africa. This the researcher believed would increase the chances of accuracy of the information given by the respondents. Thus, the researcher was able to administer these interviews on the selected respondents who were in the management levels. This is because some of the Business Process Outsourcing is a sensitive information and cannot be given to all the officers or employees. The researcher use the random sampling in identifying and selecting the respondents who were involved in the study.

### **3.5 Data Analysis**

The data was being obtained and analysed using documentary transactional analysis. Transactional analysis is the management context in which data is collected through description of events and research viewpoints through product summaries, drawing conclusions and testing their validity. This data analysis method was suitable to this study because it gave the researcher ability of do more with data; explore many possibilities of data as appropriate for interpretation and theory building. It further allows secondary

qualitative data analysis. This data analysis strategy involves observation and detailed description of objects and elements that the study seeks to find answers on. One of the major advantages of or positive things about the content analysis technique is the fact that it can analyse or explore social concepts in a society or a community setting. This it does without having to interfere with the culture or way of life in the community setting in any way. This has therefore been defined by different researchers as being a better way of consolidating or acquisition of data without destructing the operations of the respondents. The same have also been said to be advantageous and fairly accurate because it allows the members to be able to give feedback in their own comfort.



## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION**

### **4.1 Introduction**

This part of the study is composed of data analysis and findings on the current study, these part of the study is composed of the responses by the respondents.

### **4.2 Interviewee who Responded to the Interview**

The total number of interviewees were distributed in several departments so that to get an equal representation of the organization's officials. That means that they were from strategy, human resource, marketing and administration. In this study the researcher was able to approach and follow up on all the targeted employees so that to be able to conduct the interviews and get the responses for the study as listed in the questions guide in the appendix. It is also prudent to mention that this study was supported by the respondents voluntarily and none of them were forced or compelled to take part in the same.

The people who took part in the study were made aware that the information given by them would not be given to any other party for whatsoever reason. Those who took part in the interviews and gave their responses in the same were made to know that they were doing so voluntarily and would not be subjected to anything if they decided to stop in the middle and abandon the process.

### **4.3 BPO Services Outsourced by Bidco Africa**

Some of the services which have been outsourced by Bidco Africa in the past include the all the professional service which could not be dealt with internally by the normal employees. The professional services and the non-professional services which were found to have been outsourced by Bidco Africa include the packaging, Supply of raw-material, Auditing and legal service from law firms. Section B shows more information on the responses of the respondents concerning the business process outsourcing adoption by Bidco Africa. On the question or the concern of how or whether Bidco Africa as an organization had adopted the Business Process Outsourcing. More of the respondents

agreed that Bidco Africa have been involved in Business Process Outsourcing, even though most people were not aware as to which services were outsourced. They were certain that there was a level of confidence that the organization was involved in some sort of outsourcing of some services.

According to one of the employees in the Human Resource department noted that the items included the cases, containers and housings used in the organization, that they are not manufactured by Bidco Africa and therefore there is a level of outsourcing by the organization even if it is not total outsourcing there is partial outsourcing especially for professional financial services and technical issues. This respondent was able to give good insight. According to another member of staff this time in the marketing department; she stated that it is not possible to have the company adopting the outsourcing services in the name of strategic performance. She felt that the company might be losing some of its useful information through outsourcing. This human resource officer was able to query the issue of outsourcing because she argued that if the company would invest and establish different departments for such activities then Bidco Africa would make strides on growth on such areas.

The other question which stood out and which was a concern for the respondents was whether the company is outsourcing some of the vital services that the company (Bidco Africa) is keen on outsourcing. In this question most of the respondents agreed that the organization has been on record on outsourcing most of the technical services and those services which are more costly to the organization and are not vital. One of the respondent from the Strategic management teams noted that the services which are outsourced in Bidco Africa are those services which cannot easily be achieved without much technicalities and those which also involve much technicalities. The organization outsources these services which are not of technicalities but costly to the organization so that to reduce cost, on the other hand the more technical concerns and processes are at times outsourced but not always so that to be able to bring in the issue of professionalism and to increase the quality assurance of the final product by Bidco Africa.

This means that though there are services outsourced; Bidco Africa would never risk outsourcing their production services so that not to encourage people to produce what they have been producing over the years. They would also like to avoid getting their processes and ingredients in the wrong hand which would lead to increased strength of the competitors and market players.

The respondents were put to task to explain if there is any advantage in adopting BPO as a competition strategy. Many of the respondents agreed that competition was better in a financial year when Bidco Africa have been involved in the BPO than in periods when the same was not applied. The findings of the current study also supported the fact that the official of Bidco even from strategic departments and investment. These interviewees from these departments stated that the act of outsourcing creates an opportunity for Bidco to be able to concentrate on the core things and processes. This enables Bidco Africa to concentrate on the satisfaction and wellbeing of the customers who are of prime importance. This also means that the organization (Bidco Africa) is able to focus on delivery of the best results to their customers therefore increasing their advantage upon competition.

On the findings of the first objective the researcher established that there are different process and stages of operations which have been and continue being adopted by Bidco Africa. The researcher established that there were different Business Process Outsourcing activities and services adopted by Bidco Africa. This includes the services which Bidco Africa as a company consider being expensive or timing consuming for the organization. Some of the services that have been adopted by Bidco include the outsourcing of certain stages of production or the processes. These processes and procedures outsourced mean that the company strategy is to capitalize on the time with which would have been spent if and when the organization would have been producing the same. This enables Bidco Africa to grow and to establish itself in the market therefore getting an increased market share. Some of the processes that have been adopted by Bidco Africa could range from professional services like the auditing service, supply of materials and other services which Bidco Africa does not have good command.

According to the responses by the interviewee showed that the business process outsourcing brings significant serious results. The issue of BPO has continued to help the organization in growth and development of the same. The researcher was able to find out that the organization has continued to gain and benefit from Business Process Outsourcing. This is because when the organization has been able to get an outsourcing client or company. It gets better because Bidco Africa is able to channel its human resource and efforts to the innovation and creativity which would continue to give support. The findings of the current study show that the organization (Bidco Africa) benefits and improves on other performance of the same. This means that the organization is able to capitalize on its key mandate or line. All the other functions should be outsourced so as to get the best for the organization.

#### **4.4 Business Process Outsourcing and Performance of Bidco Africa**

On the question of BPO and organizations performance there were also varying opinions and responses from the different respondents. When it came to this question of performance most of the Interviewee withdrew from answering such a questions to avoid being victimized even though it was made clear that the information given by the respondents was wholly confidential and as such will never be used or be made available to any other party or to anybody who is not involved in this study and that the information is solely for utilization of this study. One of the managers was among the people who supported that the BPO increased or improved the performance of the organization courtesy of the time created by the same to handle other matters facing the organization by the available labour force. When the organization is assured that the matters which cannot be handled in the company are secured by other auxiliary organizations like the Business Process Outsourcing firms then the organization is rest assured that their production will be optimized because that is one of the key mandate for the business so that it is able to maximize its profits.

There were also many sample members who supported that the company has increased its market share courtesy of the BPO. This is because BPO is able to ensure that the organization is able to handle the core business which was established for and therefore it

is not involved in other underlying activities which would otherwise hinder the accomplishment of the main operation and establishment of the organization if they were not handled.

If and when Bidco Africa is able to have these concerns taken care off then the organization as a whole becomes more productive and it is therefore able to look into other matters like the expansion and acquisition of more market share due to the available efforts and time to do that. Over the years Bidco Africa has been able to venture into new markets and increase its products in shelves every year that passes. This shows that they have also been able to increase their customers and therefore market share. This would however have not been possible if the organizations which are massive in terms of operations, assets and engagements could have not outsourced some of its concerns to other organizations which create more space for Bidco Africa as an establishment to concentrate and deal with its customers properly. This increases and improves customer loyalty leading to better relationship between these customers and Bidco Africa.

According to one of the respondents who is involved in the finance department of the organization, business process outsourcing have increased the prospects of Bidco Africa therefore leading to improvement in its financial performance, this the respondent said is because the operations of the Business Process Outsourcing agents enables Bidco Africa to channel theextra efforts to more production.

#### **4.5 Discussion**

This was in agreement with the study done previously by Lacityand Willcocks (2013). Further, this study also agreed with the study by King (2013), who was able to establish that the major driving force for most organizations is due to flexibility provided by the process. This study found out that when Bidco Africa have outsourced some of its services like the Human Resource services, the recruitment of new employees by an independent organization. This process give the organization flexibility since those employees would have been found by the deadline of the assignment by the new organization which have come on board and they would have started their operations and

contributions in the organizations performance. The act or the processes of outsourcing also ensure the organization of transparency, professionalism and quality control. This means that some of the workers who could be found to have not desired qualifications as specified by Bidco Africa it would be explained by the management of such organizations. This means that there will be no nepotism, corruption or favoritism in the recruitment process; this ensures a good quality of the professionals recruited in the Human Resource at Bidco Africa. This, as opposed to what would have happened if and when Bidco Africa as an organization decides to recruit employees internally or through its human resource department meaning risking paying employees a salary or an amount which they are unable to recover by the end of the month. It will also put the organization at a risk of production of substandard goods which would in the long run be more costly to the organization courtesy of unsatisfied clients and customers due to substandard goods or services given by these employees.

This could easily happen when the organization puts trust on its human resource department to recruit the right people and during the process some unscrupulous officers are able to sneak in their favorite candidates may be from their circles who are family or friends. If this happens then the human resource officer is not independent because s/he wish that the individual is employed regardless of their qualifications. This means that the more qualified and hence desired individual is removed from their fair position so that to give an advantaged to the favored person which then becomes very costly to the organization in terms of training him/her, waste of material and breakages.

It was also found out by this study that the BPO as a performance strategy is the best strategy because the organization is able to channel all the efforts and human resource is fully deployed in production and the main specialization or core functions of the organization which is the main business-activity of the organization. The findings also shows that there are more benefits for the company in terms of performance of Bidco Africa, this is because the organization is able to capitalize on the price of such processes and the affordable charges on the same. The company is able to concentrate its potential and human resources to more investments which would become beneficial to the

organizations performance. This means that Business Process Outsourcing is beneficial to Bidco Africa as a company since it helps the organization to improve on its performance.

It was also found that Bidco Africa will also do away with unnecessary costs of insurance medical covers, pension contributions and training costs that could have accumulated as a result of permanent employees who could have been employed to do the outsourced activities. This would automatically reduce the operational costs thus increasing the net worth of the company. Business need to outsource non-core business processes has led to a large number of studies on business process outsourcing. The studies are driven by need to reduce costs, time, better customer services and improved products. However the business world continues to improve with regard to invention and innovation. With introduction and wide adoption of information technology and faster communication, business are increasingly adopting the business process outsourcing concept. The field is IT related and thus continues to evolve over time with increased business relation and global sourcing therefore need to do more and more research on the field in relation to technological and business advancements. . According to the study by Lacity & Willcocks (2013) business outsourcing enables an organization like Bidco Africa to be able to utilize its time of freed up time and labour force with the core business of the organization, this study agrees with the study by these two scholars. This is because the Bidco Africa benefits by utilizing the extra time in its main operations therefore increases chances for better financial performance of the firm. Finally, the study also concurs with the findings by the by king (2013) who found out that the main or major reason behind business process outsourcing for most firms is to increase flexibility and create time for more functions of the organization.

Also Levin et al. (2009) on their exploration of the factors that leads firms to off-shore innovations. Levin et al. made a conclusion that the firms and organizations partake in the global contest from talents so that they could acquire the needed talents for problem solving within their operations. The current study agrees with the study by these scholars because Bidco Africa is in the business of acquiring the necessary skills and talents to be able to assist in its operations and to solve its problems which may be either technical or none-technical. In the case of Bidco Africa the organization scouts for the best firms in

the business process outsourcing industry which can be able to handle its needs flawlessly. This earns that if this strategy is adopted by Bidco Africa for any process or stage of operation the same will appear or would give the same results as if it has been undertaken by Bidco Africa.



## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter was composed of the findings, conclusions and policy implications of the investigation of business process outsourcing by Bidco Africa. The researcher also included the discussions of the findings and the relationship of these findings and the earlier findings by the study on the issue of variance or similarity of the study's findings with those of other earlier findings on the same subject matter.

### **5.2 Summary of Findings**

The findings of this study are in support and would agree in most previous researcher on the Business Process Outsourcing in the Bidco Africa Company which is under study. The study found out that a significant portion of the technical services may be outsourced from certain firms which are specialized in such services. This included but was not limited to the fact that the legal services were a technical service which the organization as Bidco Africa regardless of its size could not establish a department for these services. Further, the study found out that the act of Business Process Outsourcing increases the performance of Bidco Africa as a company. This is because the activities which are outsourced would otherwise cost more to engage in within the organization. This is because of diversion of the resources and time which would have been utilized in other activities which are a core-business of the organization. The findings also shows that the organization engaged in the outsourcing of both non-professional and professional services which were not economical for the organization to be involved in. Some of the professional services which the organization engaged in were also due to statutory requirements by law so that to increase the level of independence of the acting organization. This includes services like the auditing services which are required by law to be carried out by an independent auditor. Other services outsourced by the organization include marketing, Legal services and the Recruitment of the staff and employees by the organization into the professional team. This means that if an independent organization is trusted and given the services of recruitment it is expected

that the same organization would be able to work with qualified professionals who will be able to deliver on their mandate as expected by Bidco Africa. This would also mean that the level corruption and laxity in the organization decreases because the workers will perform for the purposes of meeting their targets. This is because they have not been politically appointed for the said positions through a corrupt process; Bidco Africa would also hold the recruitment organization to account if and when they deliver people of low understanding of their profession.

### **5.3 Conclusion**

The findings by the study will not only affect the future operations of how Bidco Africa operates and conducts its business, it will also affect the operations and administrations and capital investment decisions by other organization in the same industry and related industries. The study will therefore impact on the policies implications made by Bidco Africa in future such that the policies will support the findings where it will lead to increased profits and withhold support where the findings will not aid in performance of the organization. Bidco Africa should not capitalize on those activities and stage-processes which are not profitable to the organization and the performance of which reduces the margin of profit on the final product. This processes and stages should be considered for outsourcing only after deep consideration and consultations within all levels of the organization.

Bidco Africa as an organization should ensure that it does not rely on a specific organization for a certain outsourced service. This will deny the organization a chance for monopoly of such a service against the company, this also means that the organization will be confident that the independence of such organizations are intact and their decisions and services are not in any way influenced by any external forces from either competitors or people with certain interest. This will also ensure that the sensitive information concerning the organization (Bidco Africa) does fall into the wrong hands.

In future the organization should ensure that the bidding for any outsourcing services done by other organizations is properly protected by the organizations constitutions and

measure should be instituted to ensure that such a process cannot be easily influenced and driven to favor certain bidders against other. That all the selected organizations on the Business Process Outsourcing industry are identified and selected by use of a credible and transparent process to increase the level and chances of an independent handler. That the organizations which are given such mandates and assignments should have a certain level of a reputation meaning that these organizations are registered and recognized by certain levels of government and registration bodies in the Country of origin. This means that such organizations would be careful to put their interests and reputations at risk.

#### **5.4 Recommendation for Policy and Practice**

The study recommends that there should be policies put in place to regulate the organization which are involved in the Business Process Outsourcing industry. The government should also come up with ways on how to work with these organizations so that to moderate the different services and activities which falls within their mandate and those which are a statutory requirement for their clients. The government should also make sure that there is a level of professionalism and a body which follows on the registrations and certification of these organization. This means that the people or organizations practicing in this industry would be regulated and can be known with certainty. This will make the industry to grow and develop so that when they are dealing with such organizations like the Bidco Africa they are in a position to air their professional opinions on how to proceed.

#### **5.5 Limitations of the study**

The current study was marred by limitations courtesy of the access and scope of the study. This is because the study was a case study therefore limited to the Business Process Outsourcing by Bidco Africa. This is because the study concentrated on only one company that is Bidco Africa, if the researcher would have enough time and the resources required to be able to cover more companies which are applying the Business Process Outsourcing. The study is constrained or compelled to a single firm that is Bidco Africa. The study does not cover an entire industry like the manufacturing industry where it would have different findings as opposed to a single firm; this is because the study

would have an increased sample size. Further, the study would have had different findings with different levels of significance if the study could have concentrated on more companies. The study was also faced with constraints and limitations in getting all the managers and the required personnel due to their tight schedules and their caliber. The study would have been better and the findings more appealing if the researcher was able to get a chance to interview and administer questions to all the managers of Bidco Africa.

### **5.6 Recommendations for Further Study**

The study has covered business process outsourcing in Bidco Africa which is rather a broad topic and a serious affair. Therefore, it would not be prudent to say that the study have addressed all that is required in the title, thus more research and investigations is needed by the future scholars in this field. The researcher therefore recommends that more and more scholars should consider the investigation on:

Establish the impact of Business process outsourcing on performance of an organization.

Effects of business process outsourcing to the profitability of the organization and impact of business process outsourcing to non-profit making organizations.

This includes investigations of the impact of the business process outsourcing to the charity organizations.

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## **APPENDIX 1: INTERVIEW GUIDE TO BIDCO AFRICA EMPLOYEES**

### **SECTION A. GENERAL INFORMATION**

1. Name of Respondent.....
2. Job Title of Respondent.....
3. Duration worked with Bidco Africa.....
4. Department.....

### **SECTION B. BUSINESS PROCESS OUTSOURCING ADOPTION**

1. Has Bidco Africa adopted business process outsourcing as a performance strategy?
2. What does the company seek by outsourcing some of its services?
3. What are some of the consideration for adopting business process outsourcing?
4. What are outsourced services by Bidco Africa
5. Is adoption of BPO by Bidco Africa giving the company competitive edge in manufacturing industry?
6. What are the advantages of adopting BPO as a competitive strategy?
7. What are noncore functions that the company outsourced to other expert companies?
8. Do you think that the BPO implementation by Bidco Africa is sustainable, given the dynamic changes experienced in the manufacturing industry lately?

### **SECTION C. BPO AND ORGANIZATIONAL PERFORMANCE**

1. What is your performance opinion in relation to adoption of BPO?
2. Do you think product improvement is attributed to introduction of BPO?
3. Has the company increased its market share with introduction of BPO?
4. Has introduction of BPO lead to good financial performance?
5. Has customer increased with introduction of BPO?

6. What are the effects of Business process outsourcing on performance of Bidco Africa as a company?

#### **SECTION D. GENERAL RECOMMENDATIONS**

1. Do you recommend anyone to adopt BPO?
2. What are the advantages of BPO?
3. Are there disadvantages associated with BPO?
4. What is your general comment on BPO as a performance strategy?

**THANK YOU FOR YOUR TIME**