

**OUTSOURCING AND SUPPLY CHAIN PERFORMANCE OF
PROPERTY MANAGEMENT FIRMS IN NAIROBI**

BY

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DECLARATION

I declare that the work contained in this project is my original work and has not been presented for award of a degree in any other University or Institution.

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DEDICATION

This project is dedicated to my mother, Mrs. Mary Keke, my wife, Triza and the entire Keke family who have been very supportive in seeing me succeed in this endeavor.

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First, I would like to thank the almighty God for His grace and mercy upon me through the entire learning process. Secondly, I would like to acknowledge Ms. Salome Richu and Mr. Ernest Akelo my supervisors for their support and dedication during the course of this project. Finally, I acknowledge with gratitude the opportunity that the University of Nairobi and my MBA colleagues have granted me by creating a conducive atmosphere for learning during my studies at the University.

ABSTRACT

The study was aimed at establishing the impact of outsourcing on supply chain performance in property management firms in Nairobi, Kenya. There were three specific objectives that the study intended to achieve: to identify the activities to which property management firms in Nairobi outsource, to determine the extent to which these activities are outsourced and to determine the challenges that result from outsourcing activities among property management firm in Nairobi. Relevant data was collected from the eight property management firms registered with Kenya property Developers Association (KPSA). Five questionnaires were distributed to each of the eight companies totaling to forty questionnaires. Thirty three questionnaires were completed and verified to be appropriate for the study. The collected data was coded and keyed for analysis using Statistical Package for Social Sciences (SPSS) to which descriptive statistics such as means and standard deviations were used to analyze the data. Multiple regression and correlation analysis were also used to test the relationship between outsourcing and supply chain performance. The findings indicated that property management firms outsource most of activities from external sources which includes security services, IT services, cleaning and gardening services, accounting services, repairs and maintenance services among others. The findings also revealed that outsourcing of these activities influence to a great extent the performance of property management supply chains. This was reflected by reported performance indicators such as improved reliability, enhanced responsiveness, increased operational efficiency, improved asset management and improved agility of the firms' supply chains. The study revealed some of the challenges that property management companies encounters as a result of outsourcing in efforts to improve their supply chain performance including threats of losing company confidential information, vulnerability to competition threat of suppliers, threat of losing business control, loss of opportunity to innovate, threats of losing organizational culture and threats of uncontrolled cost increase.

Key words: *Outsourcing, Supply Chain Performance, Property management.*

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ABBREVIATIONS AND ACRONYMS

BSC -	Balanced Scorecard
IFMA -	The International Facilities Management Association.
IT-	Information Technology
KPDA-	Kenya Property Developers Authority
PM -	Property Management
PMCs -	Property Management Companies
RBV -	Resource Based View
SC -	Supply Chain
SCC -	Supply Chain Council
SCI –	Supply Chain Integration
SCM -	Supply Chain Management
SCOR -	Supply Chain Operations Reference
SCP -	Supply Chain Performance
TCE -	Transaction Cost Economics
WTO -	World Trade Organization

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Outsourcing is defined as an agreement between two companies in which one is contracted by another to perform a given business function or functions on their behalf. Outsourcing has become global and increasingly viewed as a strategic way of improving supply chain performance. The scope and use of outsourcing has extensively transformed organizational structure and operations as a result of complex contractual arrangements and complicated external integration among firms (Mohr et al., 2011). According to Mohr et al. (2011) outsourcing is a strategic enabler for innovation, competitive advantage and sustainable business models that are important in leveraging on market opportunities in an increasingly volatile business environment.

According to Nyameboame and Abubaker (2017), outsourcing can play an integral role in improving supply chain performance by allowing firms to largely focus on their core activities while outsourcing their non-core activities without trying to undermine quality of the outsourced services. Lam (2012) put priority on the economic use of resources and pointed out that it should be the first consideration during a procurement process with the aim of satisfying needs of the client while managing the cost of procurement. Gunasekaran et al. (2013) noted that firms find it difficult to maximize their potential and improve their SCP primarily due to their inability to integrate with the needs of respective partners as they outsource.

Growth of organizational outsourcing in property management industry has imposed the need to assess companies' in house capabilities required in the management of their supply

chains as they strive to cope with competition (Ikediashi et al., 2014). Competition is now relying on services that are outsourced for cost reduction, quality improvement, and quick access to new innovations. This creates necessity for firms to develop supplier networks that learn with time, seek quality improvement and are willing to prosper together with their parent company. (Lambert & Enz, 2012). According to Ikediashi et al. (2014), the outsourcing concept remains vague and largely under-studied in property management industry, this makes it difficult to assess the benefits or challenges involved in outsourcing.

1.1.1 Outsourcing

According to Mohr et al. (2011), outsourcing is a contract in which a company procures services from another company in performing a particular business function on their behalf. This may involve transfer of management activities or parts to an outside supplier. Increasing use of outsourcing with the goal of improving organizational efficiency and effectiveness has created interest for most researchers to study outsourcing as a management science. Most companies are now seeking to concentrate on their core activities leaving activities that are non-core to be done by external suppliers (Ikediashi et al., 2014). According to Kakabadse and Kakabadse (2001), the four main reasons that make firms to increasingly outsource their services include: achieving best practice, improving management cost discipline skills, improving service quality, and to allowing the firm to concentrate on their core activities.

The outsourcing phenomenon is growing through industries and affecting decisions that managers make regarding their core business functions. In connection with other techniques, outsourcing is creating new business frontiers and complicated environment for customer-supplier relations with calls for increased external integration in outsourcing

partnerships (Kakouris et al., 2006). Most researchers consider outsourcing as one of the most significant developments in management studies that cuts across different industries and subsectors from manufacturing, service industries to government sector.

1.1.2 Supply Chain Performance

Hausman (2004) defined supply chain performance (SCP) as processes and activities within the supply chain system that results into customer satisfaction. This may include product availability, timely delivery, and inventory and capacity responsiveness of the supply chain system that delivers satisfaction to the end user. Supply chain performance is a continuous process of improvement which needs a reliable performance measurement framework.

Mechanism of initiating steps for achieving key performance indicators is necessary in supply chain measurement system. To compete in now fiercely competitive environment, there is a continuous need for supply chains to improve, and achieving this requires performance measures that support global best practices in SCP improvements and not narrow metrics driven by company specific or function specific goals that may inhibit supply chain improvements in the long run (Hausman, 2004).

In measuring SCP there is need for incorporating metrics that measure operations efficiency and service effectiveness in order to ensure a balanced framework. Considering this need, Supply Chain Council (SCC) introduced a SCOR model that includes five distinct processes that covers the entire supply chain system: Plan, Source, Make, Deliver and Return. The model provides a standard measurement framework that focuses on five

core SCP indicators which are; reliability, responsiveness, agility, costs and asset management (Jothimani & Sarmah 2014).

1.1.3 Property Management Industry

In Kenya the property industry is governed by Kenya Property Developers Association (KPDA) a body set up in 2006 to represent property development industry covering residential properties, commercial properties, industrial properties and others special properties within the country (according to KPDA website information). KPDA organizes and manages the industry in association with other stakeholders in the regulation and use of resources for the growth in the sector.

Property management industry has come out as one of the fastest growing areas of specialization within the real estate sector and is continuously emerging as a managerial science. There is an increasing need for skill development in this industry and property managers require innovative skills and expertise in managing complex decisions within this dynamic service industry (Kyle, 2000). Property owners are now more concerned about investments and physical aspects of the property and therefore, it is a necessity that property managers develop a wide range of skills focused towards achieving high standards of supply chain performance (Ikediashi et al. 2014).

There is an increasing external interference in form of government regulations that affect property management business. These regulations may include mandatory disclosures, deregulation of utilities, telecommunication and environmental issues which normally complicates the delivery of property management service. Kyle (2000). In delivering services, quality of service plays a major role in property management business in order to

meet customers' satisfaction. Property management is also affected by this shift of focus that aims to improve efficiency and effectiveness of service delivery. In the past few years, it has become apparent that effective residential property management is an important component in improving the living standards and the value of property (Ikediashi, 2014). The study of specialized property management divides real estate into four distinct categories: residential, commercial, industrial and special purpose property. Of the four, residential real estate has emerged as the largest source of demand for professional property management services and it includes privately owned residences as well as government and institutional housing (Kyle, 2000).

1.2 Statement of the Problem

Adoption of outsourcing in various industries is based on the argument that outsourced services have the ability to enhance performance in a firm's SC. In the property management sector, most activities are largely contracted out. Property management services are commonly outsourced to outside service providers with most cases recording improved service quality that respond to a firm's SC needs (Lam, 2012). Choice of outsourced activities must be aligned to the objectives of the firm while taking advantage of external opportunities that results from outsourcing those activities.

Several studies have been undertaken on outsourcing both globally and locally and Nyameboame and Abubaker (2017) in their research while studying the relationship between outsourcing and organizational performance with focus to oil companies in Ghana, concluded that outsourcing of services leads to reduced cost, access to innovation and increased know how, enhances service delivery and allows the company to specialize on their core functions. Kamah (2012) studied the impact of outsourcing on supply chain

performance within the mobile companies in Kenya and found that the extent of outsourcing among mobile firms was strongly related to response of the operation system, reliability of logistic process, agility of supplier network and a firms' competitive advantage. Kamah (2012) mostly focused on supply chain system responsiveness and influence on outsourcing as opposed to responsiveness of supply chain performance in relations to outsourced activities within the system.

Abdirahman (2017) studied service outsourcing and its effects on performance of public universities. Although his study expressed this relationship in terms of activities outsourced as well as seeking to identify outsourcing challenges, the study was limited to public universities and the general performance as opposed to supply chain performance. Mogere (2015) also studied the impact of service outsourcing on supply chain performance in cement manufacturing firms in Kenya and noted that cleaning outsourcing, catering outsourcing, Information Technology outsourcing, customer care outsourcing, security guard outsourcing, laundry outsourcing and transport and logistics outsourcing impacted supply chain performance in this industry.

Ngetich (2014) studied the relationship between outsourcing and supply chain performance in Kenya Medical Supplies Agency. These studies emphasized supply chain performance in different other industries which is understandably different in their supply chain systems when compared to property management industry. Ngetich (2014) focused on different strategic goals of outsourcing and their effects on SCP of Medical Supplies Agency. This did not provide an opportunity to analyze the strategies in the whole medical industry considering that the strategies required may be different with property management industry.

Although many of these studies seems to bring out the impact of outsourcing on supply chain performance and most of the times firm's performance in general, none seem to target property management firms in particular. As a result, this study tend to explore and fill this research gap by seeking to respond to the following questions: What are the outsourcing activities adopted by property management firms in Nairobi? What is the relationship between outsourced activities and supply chain performance of property management firms in Nairobi? And, what are the challenges facing property management firms in the implementation of outsourcing on their supply chains?

1.3 Study Objectives

This study generally seek to assess the relationship that exists between outsourcing and supply chain performance in property management firms in Nairobi. Specific objectives will be:

- i. To identify activities outsourced by firms in the property management industry in Nairobi.
- ii. To determine the extent to which outsourced activities are implemented in property management firms in Nairobi.
- iii. To determine the challenges experienced in the implementation of outsourcing practice in property management industry.

1.4 Value of the Study

The findings of this study will increase the understanding of property managers and arm them with tools for making outsourcing decisions and the knowledge on how the decisions they make affects their supply chain performance. The study is expected to contribute to

theory and practice by adding to the existing knowledge in property management industry that may be useful in enhancing supply chain performance of local firms. The study will also improve on the strategies that are significant for firms in this industry when outsourcing decisions are considered.

Various stakeholders such as property developers, property management committees, relevant government agencies and policy makers within the real estate industry may require the findings of this study to set up management structures that responds to the growing trend in outsourcing practices. Researchers and academicians interested in studying outsourcing in the property management sub-sector in Kenya will also find the findings of this study relevant in terms of reference as well as providing direction for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at the literature review conducted by the researcher. It also includes theoretical reviews and reviews of the various studies that have been conducted by other researchers on outsourcing and supply chain performance. Among the issues reviewed include outsourcing, drivers of outsourcing, major activities outsourced and supply chain performance. This chapter also highlights the research gaps identified and provides the conceptual framework that shows the relationship that exists between the dependent and independent variables.

2.2 Theoretical Review

Theoretical perspective is important in setting general rules that guide the understanding of relationships among various concepts in studies. In management, proper understanding of various facts is significant in building a theoretical structure that assist in decision making. This study will be guided by three theories that are important in understanding outsourcing as relates to supply chain performance. These include; resource based view, transaction cost economics, and core competency theories.

2.2.1 Resource Based View (RBV)

RBV is an approach that earlier emerged in 1980s after Wernerfelt, published one of his major works, “The Resource-Based View of the Firm” (Barley, 1991). The theory suggests that management should identify from within sources of competitive advantage instead of looking at external environment for it. This means that organizations should seek to depend on their unique strengths while outsourcing most of their activities that they do not possess

core competencies as a strategy to ensure efficiency and quality of services, thus improving performance (Xu et al., 2014).

The theory is usually significant in identifying activities that are to be outsourced by the firm as well as providing a lens of exploring the dynamic capabilities of the firm in relation to external capabilities that come in the form of outsourced services. Xu et al. (2014) noted that an organization's resources can enhance use of external resources and capacity with the strategic goal of improving organization's supply chain performance. A firm would find it difficult to acquire new skills and expertise and would desire to use external opportunities and innovativeness by exploiting existing resources and capabilities.

Barthelemy and Quelin (2006) proposed RBV model for its significance in interpreting the four phases in outsourcing; preparation, supplier selection, relationship management to reconsideration phases. According to Miemczyk et al. (2016), is important to have long-term strategic integration between outsourcing partners based on the objectives of sharing benefits and jointly developing the process with long time commitment to the network. In this aspect, RBV proposes that activities which an organization possesses a superior resource advantage should be retained in-house, whereas those with low resource advantage should be considered for outsourcing.

2.2.2 Transaction Cost Economics (TCE)

Transaction cost theory was premised on Coase's work in 1937, 'The Nature of the Firm', where markets and hierarchies are described as alternative governance structures (Geyskens et al., 2006). The theory proposes that since costs and difficulties linked to transactions in the market sometimes favor hierarchies or in house production while

sometimes they favor markets as an economic governance structure, it is important to consider these scenarios when doing cost analysis. Outsourcing decisions are ‘make or buy’ decisions and usually appreciate the analysis of transaction costs in relation to the effects on organizational efficiency and therefore, transaction costs are considered determinants to outsourcing decisions. TCE provides a theoretical lens through which to evaluate long term management of buyer-supplier relationships. Many researchers have praised the theory as framework for determining efficient governance structure for various inter-organizational transactions (Wacker et al., 2016).

The theory suggests reduction of transaction costs while distributing resources according to the level of risk or reward and at the same time ensuring economic efficiency is attained by comparing production and transaction costs involved in the process. Basically, it proposes that transactions which are low in asset specificity, have low uncertainty and have high contracting frequency should be outsourced and those transactions that are high in asset specificity, have high uncertainty and have low contracting frequency should be retained in house (Wacker et al., 2016).

2.2.3 Core Competency Theory

The concept of core competency was pioneered by Prahalad and Hamel in their 1990s studies that contributed to management theory (Barley, 1991). It is premised on the view that activities that a firm holds core competencies are to be operated in-house but activities that a firm do not hold core competencies, and are not very critical, should be considered for outsourcing. Core competencies are factors that a business finds as vital to the way the organization or its employees execute their duties. It becomes important when an

organization seeks to achieve a competitive edge through developing unique resources and capabilities (Kawshala, 2017).

Core competency theory highlights the importance of the “make or buy” decision as a strategy in a firm’s supply chain (Ikediashi, 2014). Core competencies can be considered long-term competitive activities that a company holds key competitive advantages. The company must safeguard these activities from their competitors but may consider other non-core activities to be handled by the external service providers which may also be competitors. This allows an organization to take advantage of its strengths within the supply chain while providing it with opportunities to outperform the competition.

According to Urquhart (2002), the theory prompts serious analysis of an organization’s business functions. Operations that are cost effective to be considered for in-house, but those without risk of losing any future requirements of expertise to be considered for outsourcing. It would be also important to consider some of the functions that are core for outsourcing in situations where most of the tasks involved require eternal expertise, as it would be cheaper to do that than doing them in-house. In conclusion, the theory suggests that firms should outsource most activities that are none core with the aim of lowering operation costs while at the same time taking advantage of external innovation.

2.3 Outsourcing Overview

According to Kakouris et al. (2006) outsourcing phenomenon is growing and is largely affecting management decisions regarding their core-competences and their competitive position in this dynamic industry. It is complicating the competitive environment since it requires long term strategic customer-supplier relations with overwhelming call for real

partnerships to succeed in outsourcing contracts. According to Mohr et al. (2011), outsourcing is a tool companies use to align their management structure and business functions to respond to their needs, capacity, and set goals with the aim of maximizing benefits but minimizing risks.

Kakabadse & Kakabadse (2000) noted that outsourcing has shifted from considering the cost of a single business to reconfiguring the whole process with the goal of obtaining greater shareholder value in the whole enterprise. As a result, emphasis is now growing towards outsourcing intellectual based systems, exemplified by customer response handling, procurement and management rather than outsourcing parts, facilities and components, thus in the future there exist a paradigm shift in how outsourcing is viewed by the firms.

2.3.1 Major Services Outsourced by PMCs

According to Lam (2012), property management firms are tasked with management of functions that involve a wide range of expertise from asset management, budgetary allocation and control, rent collection, estate project planning and monitoring, environmental sustainability management as well as security, facility repairs and maintenance of sanitation. Property managers therefore have a duty to decide on whether to perform all the activities by themselves or make a decision to outsource depending on the management goals. According to Ikediashi et al. (2014), some of the outsourced services in the industry include IT services, janitorial services, security services, repair and maintenance of facilities, landscaping, catering services and property developments, as well as accounts management services. Outsourcing involves a contract agreement between the company and a the supplier at an agreed fee and as a result the arrangement may cause

a firm to achieve cost reduction and saving of time with regards to service delivery (Christudason, 2008).

Security is one of the important services in commercial and residential property management services. Security services may include gate manning, security alarm systems, and security back up plans. Security provisions is not core operations to property management services and mostly is considered for outsourcing especially due to different expertise and capacity required in its provision. Properties usually engage private security in provision of guarding duties, armed response to burglar alarms, or patrolling of secured or gated neighborhoods (Minnaar & Mistry, 2004).

Information technology services like data management comes in handy in property management. Historically, information on property management was stored on papers, files and in employees' minds. This limits information accessibility and makes it difficult to acquire those information when required especially when a staff leaves the company or a file is lost. Therefore, there is need for firms to adopt new data management technologies to enhance handling of information (Fong & Lee, 2009).

Buildings and construction form most assets in properties and their response and maintenance is vital to property managers in raising the value of properties managed. Property management usually outsource services that involves repairs and maintenance of facilities in the common areas such as staircase lighting, greeneries, lobbies, lifts, car parks and so on (Ikediashi et al., 2014). These services are not core operations to property management and mostly are considered for outsourcing especially due to different expertise and capacity required in their provision.

Cleaning, gardening and management of garbage are significant activities towards improving sanitation and aesthetic value of properties. PM may decide to outsource these services in the interest of achieving quality as well as improving the efficiency of operations (Ikediashi et al., 2014). Maintenance of gardening is one service sector that has seen a considerable growth in the PM industry in the recent years, and in most parts of Nairobi, it has become a valued occupational niche for professional gardeners. Garbage disposal is also integral part in management of property environment and maintenance of cleanliness. These services therefore usually are contracted to external service providers with the advantage of bringing in the external expertise and innovation.

According to Kakouris (2006), accounting services that may be outsourced include bookkeeping and accounting processes that normally involves a wide variety of processes. This may include day to day operations such as accounts payables, accounts receivables and payroll reports, to operations that require long term planning and execution such as taxation, financial planning and budgetary control. When outsourcing of accounting services, firms seek to maintain their accounting integrity in the form of accuracy and reliability, which is an effort consistent with the main reason to outsource which is excellent quality of service (Kakouris, 2006).

2.3.2 Challenges of Outsourcing

There are various challenges that may arise as result of outsourcing services to the external providers. This may range from risk of losing core activities, leveraging by own suppliers, losing of strategic flexibility, suffering service interruptions, poor service quality, reducing employee morale, losing of internal cohesion, risk of leaking of vital company information, and losing of deserved intellectual property rights (Maelah et al., 2012). The main goal of

supply chain management is to improve effectiveness and efficiency in the value chain while striving to reduce risks involved. Walsh (1995) noted that although cost reduction was one of the factors that may compel an organization to outsource but in several cases it may just produce opposite results particularly where transaction costs are concerned. It was noted that outsourcing especially in service industry increased the transaction costs such as the cost of handling documents and monitoring service activities. It was particularly found that costs of preparing and handling compulsory competitive tendering documents in public procurement was a significant percentage of the annual value of the contract with high transaction costs affecting more complex services that are outsourced. According to Lam (2012), performance monitoring is difficult especially in consultancy services. It was noted that due to intangible and heterogeneous nature of consultancy services it becomes difficult to assess the degree to which such services have been delivered especially based on observation alone and particularly where observation is done by clients who may have no professional or technical background in understanding the impacts.

Property management services cut across different professions such as building maintenance works, security, plumbing and so on. Some of these services generally complex in their provision. For instance, repairs, maintenance and replacement of electricity and generators are technically complicated and have a high degree of uncertainty in the scope and extent of works. It is note that the service level agreement in such consultancy agreements are never accurate considering the uncertainty and bounded rationality that come with those contracts (Lam, 2012). Nyameobame and Abubaker (2017) warned that loss of innovation and lack of cost control may sometimes be the result of outsourcing business functions and activities with the advice that firms may need business

reengineering in order maintain their innovativeness when outsourcing to avoid compromising on their performance and service delivery.

2.4. Supply Chain Performance

Today, business focus is shifting from a single organizations to supply chains and as a result, efficient and effective SCM is increasingly becoming vital to organizations in this highly competitive environment. This trend is putting more focus towards improving supply chain performance. Although there has been an increased interest among researchers to understand SCM, the reason on how some supply chains outcompete others in the industry is a matter that still requires intense research to relate the intangibles associated with performance in business operations (Sangari et al., 2015). Organizations have sought to align their supply chain goals with clearly defined performance indicators in efforts to enhance SCP. This has been thwarted by the complexity and frequency of the SCs with difficulty existing in the choice of these SCP indicators (Seo et al., 2014).

Supply Chain Council (SCC) introduced a model which consists of five distinct processes that cover the whole supply chain called the SCOR model. The model provides for identification, analysis, and monitoring of supply chain performance in a systematic manner. As a balanced approach, it manages to align performance measurements with supply chain processes, people, global best practices, and integrates them into a single structure (Jothimani & Sarmah, 2014). The model recognizes internal and external aspects of supply chain performance measurement as opposed to other models which looks only at the aspect of efficiency and effectiveness in their system (Sangari et al., 2015). The model describes supply chain processes from planning, sourcing, making, delivering and returning. These processes covers the entire supply chain system and enables the model to

evaluate performance in the whole system. The model has a standard framework that evaluates performance using five key SCP attributes; reliability, responsiveness, agility, costs and asset management.

Reliability describes the ability of the SC system to deliver product or service, in place, time, condition and quantity to the satisfaction of customer. Responsiveness is an attribute that describes the speed with which the system delivers services to the customer. Agility is the flexibility at which supply chain is responsive to market changes in quest to gain or maintain market share. Asset management defines the effectiveness of a SC system uses its fixed assets and working capital to manage customer satisfaction. And finally, cost measures involve all costs associated with supply chain operation. (Jothimani & Sahmah, 2014).

2.5 Empirical Literature Review

Outsourcing practices geared towards cost reduction improves efficiency and effectiveness of an organization's supply chain. More often performance is linked to strategies developed in line with company objectives. Outsourcing is taken as one of the best strategies to evaluate quality timelines and deliverability. Thus companies that outsource their products have a higher chance of delivering superior services which in turn improves customer satisfaction. Ikediashi et al. (2014) noted that outsourcing activities is a way of promoting flexibility within the system and as a result an organization enhances its focus on core activities. There is a huge chance of benefiting from vendor's expertise and innovative skills with an opportunity to improve on efficiency and effectiveness in the supply chains. Brewer et al. (2013) noted that outsourcing may lead to several benefits within the supply chain, although in theory, studies have raised questions on whether this is uniformly the

case. It was noted that outsourcing achieved product quality with reliable access to the market, improved productivity, enhanced benefits of integration between buyers and suppliers and allowed firms to focus more on functions that provides them with competitive advantage.

Nyameboame and Abubaker (2017) while studying the impact of outsourcing on organizational performance with focus on oil and gas companies in Ghana noted several benefits gained from vendor outsourcing. A larger majority of their respondents indicated that oil and gas firms benefited largely by minimizing cost of operation. In addition, they observed that 76 per cent of respondents in the study were confident that outsourced functions freed time for most firms to focus their attention on core business functions. They concluded that firms attempt to concentrate more on core activities when they outsource non-core activities. High number of 61% respondents indicated improved expert knowledge and access to new innovations. It was also noted that use of outsourcing with cost considerations reduced the need to make investments in mature technology thus eventually easing more resources related to new skills and innovations respective company.

Ikediashi et al. (2014) on their study on determinants of outsourcing decisions on facilities management services provision in Nigeria noted a high approval for use of vendor's competence as a strategy of impacting quality of service delivery. They noted a high correlation between vendor's competence and improving stakeholders' satisfaction by improving quality of service. The utilization of external companies to provide services was noted to improve cost reduction within the supply chains as well as service quality which as a result guaranteed stakeholder satisfaction. Most of these deduced performance attributes are recognized as some of the key indicators to an effective supply chain.

While studying economic perspective of outsourcing of property management firms on public properties, Lam (2012) found that despite high transaction costs, outsourcing may result in a significant net cost reductions as well as improving quality of service. They further noted that competition in the market and monitoring transaction cost are important forces in influencing the cost of production and quality of performance. In conclusion, property service market with its associated competition can improve the economic benefits of outsourcing while significantly impacting positively on the production efficiency and quality of performance.

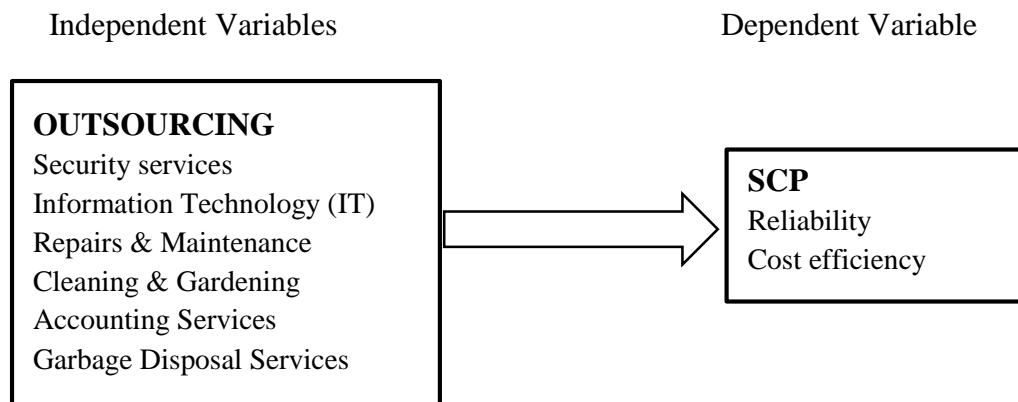
Kamah (2012) while studying the impact of outsourcing on supply chain performance within the mobile companies in Kenya found that the amount of outsourcing among mobile firms was strongly related to excellent performance attributes such as responsive operation systems, responsive logistic process, responsive supplier network and improved competitive advantage. The researcher noted that the main influence came from responsive supplier network while the least response came from responsive operation system. The study also established that the supply chains of the companies were highly responsive to customers' changing needs, logistical responsiveness and supplier network responsiveness.

Mogere (2015) on his study to determine the relationship between service outsourcing and supply chain performance in cement manufacturing firms in Kenya noted that cleaning outsourcing, catering outsourcing, Information Technology outsourcing, customer care outsourcing, security guard outsourcing, laundry outsourcing and transport and logistics outsourcing impacted supply chain performance of cement manufacturing firms in Kenya. Majority of the respondents (91.89%) agreed that it had influence on supply chain

performance and that service outsourcing relates to supply chain performance through enhanced effectiveness and efficiency in the firms' supply chains.

Ngetich (2014) also while studying the impact of outsourcing on supply chain performance of medical supply agencies found a positive relationship. It was noted that outsourcing enabled the organization to improve focus and attention on core activities, resulted to timely delivery of drugs, resulted to reduction of customer demand uncertainties and improved efficiency in response to customer demands as well as reduced inventory levels and stock out number.

2.6 Conceptual Framework



Source: Researcher (2018)

Figure 2.1 Conceptual framework

2.7 Summary of Literature Review

The paper has discussed outsourcing in three theoretical perspectives; resource based view, transactional cost economics and core competency theory. The use of these theories is an attempt to cement the understanding that exists in the relationship between outsourcing and supply chain performance. Most firms now outsource their business functions, materials or services in efforts to improve performance of their supply chains and according to Ikediashi

et al. (2014), minimizing cost, focus on core competence, growth and flexibility comes top as main drivers making strategic outsourcing decisions, with cost efficiency coming top as a driver for outsourcing.

Property management industry has seen a tremendous growth towards used of outsourcing as a strategy and review of a firm's capabilities and resources comes in handy for it to cope with this trend (Lam, 2012). The adoption of outsourcing is a strategy brings with it the ability for firms to acquire new skills and innovativeness which are significant in competing in the dynamic global market. This increasing trend puts pressure on most firms to outsource, although the benefit of outsourcing is directly related to the type of activity outsourced. (Nyameboame & Abubaker, 2017). Benefits of outsourcing can only be realized if the associated risks are properly identified and reduced, as outsourcing can come with many hidden costs that may negatively influence the supply chain performance.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter discusses the methodology preferred for this study. It will outline the type of research design, the target population, sample design to be used, appropriate data collection techniques and data analysis techniques deemed appropriate for the study.

3.1 Research Design

The study adopted a cross sectional descriptive survey design to examine the relationship between outsourcing and supply chain performance. According to Cooper and Schindler, (2003), across-sectional descriptive design aims to describe or define a subject. Description of data is done through data collection and tabulation thereafter tabulating the frequencies of research variables and their interactions in order to get intended response. A descriptive survey is found to be appropriate for this study since it allows the researcher to make comparisons based on observations from differences respondents.

3.2 Target Population

The study was interested in property management firms in Nairobi County. The study used property management firms that were registered with Kenya Property Developers Association (KPDA) by the year 2018 as the target population. There were eight property management firms registered with KPDA as real estate agents/managers and since the targeted population was small, the study adopted a census and collected data from all the eight firms. A total number of 40 questionnaires were distributed in all the eight firm with each firm receiving five questionnaires each. The number was deemed adequate in representing property management firms in Nairobi since property management firms have homogeneity in the nature of their business operations.

3.3 Data Collection

The study used primary data collected from property management registered with KPDA. The data was collected using a simple questionnaire designed to address the study objectives, by use of both open and close ended questions to achieve this. The questionnaires was designed on a five point Likert scale and was administered using the “drop and pick up later” method. The Likert scale was chosen since it provides ease in collection of qualitative data as in this case.

The questionnaire had three sections; section (A) addressing job information of the respondents including name, designation and department. Section (B) addressing outsourcing; activities outsourced and extent of outsourcing and section (C) addressing the supply chain performance and challenges that comes with outsourcing activities from outside suppliers.

3.5 Data Analysis

Since data collected was quantitative in nature, the analysis was done qualitatively and quantitatively by use of descriptive statistics. Microsoft excel and Statistical Packages for Social Sciences (SPSS) was used to summarize and analyze the data collected. Descriptive statistics was used to analyze objective 1, and objective 3. The study also conducted a multiple regression analysis to address the main objective of the study with a relationship function shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

Where:

Y - Supply chain performance of property management firms.

β_0 - Constant term

$\beta_{1, 2, 3, 4, 5, 6}$ - Beta coefficients

X₁- Security services

X₂- Information technology (IT) services

X₃- Repairs and maintenance services

X₄- Cleaning and gardening services

X₅- Accounting services

X₆- Garbage Disposal services

ε - Stochastic Error Term

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1: Introduction

The chapter discusses the presentation, interpretation and analysis of data collected from the respondents and focuses on the three parts of the study beginning with background information, relationship between outsourcing and supply chain performance and lastly, challenges experienced as a result of outsourcing. The presentation was done by use of tables. The analysis covered the eight property management firms that are registered as property agents/managers with Kenya Property Developers Association. These companies included Axis Real Estate Ltd, Broll Kenya Ltd, Coral Property Consultants Ltd, Coral Property International Ltd, Knight Frank Kenya Ltd, Pam Golding Properties Ltd, Re/Max Heritage and Tysons Ltd. A total of 40 questionnaires were given out with five questionnaires being distributed to each of the eight firms.

A total of 33 completely filled questionnaires were returned, vetted and found to meet the required standards for consistency and therefore were approved as suitable for use in this study. The 33 respondents provided a response rate of 82.5% of the total respondents targeted (N=40) and was considered appropriate for the analysis and interpretation in this study. Results are presented in table 4.1 below.

Table 4.1: Response Rate

Response	Frequency	Percentage
Returned & Completed	33	82.5
Not Returned/Incomplete	7	17.5
Total	40	100

Source: Research Data

4.2: Demographic Characteristics of Respondents

The demographic data was collected from the respondents to gauge the suitability of their responses to the study. These included the departments in which the respondents were working in at the time, educational qualification, length of continuous service with the firm, and age of the firm. The data was tabulated and presented into frequencies and percentages for analysis as presented on table 4.2 below.

Table 4.2 Summary of Demographic Data

	Frequency	Percentage
Department		
Supply Chain Department	11	33.3
Property Management/ Operations Department	17	51.5
Finance Department	5	15.2
Education Level		
Post Graduate	5	15.2
University	11	33.3
Tertiary/College	14	42.4
Secondary	3	9.1
Service Duration		
0-5 yrs	7	21.2
5-10 yrs	18	54.5
Above 10 yrs	8	24.2
Age of the firm		
Less than 5 yrs	0	0.0
5-10 yrs	13	39.4
10-20 yrs	9	27.3
Over 20 yrs	11	33.3

Source: Research Data

4.2.1: Respondents Departments

Supply chain departments, finance departments and operations departments were selected as the most suitable to provide reliable information on outsourcing and impact on supply chain performance of property management firms. The study sought to identify the departments to which the respondents worked to determine validity and reliability of their responses to the study. As indicated from table 4.2 above, the highest number of respondents were from property management/operations department (52%), followed by supply chain department (33%) and lastly finance departments (15%). The fact that most of the respondents were from operations department meant that property managers and operation managers were willing to provide information that was sought by the study. This also indicate that a higher number of respondents worked in the department that enabled them to understand the gist of the study hence their responses were significant to this research in terms of validity and reliability. High correspondents of operations managers/property managers were important to this study since they are the main engine of supply chain performance in property management firms (Lam, 2012).

4.2.2: Education level

The study sought to establish the respondent's level of education. These were ranked into secondary, tertiary college, university and post graduate levels. As shown in table 4.2 above, it was established that most respondents in this study attained tertiary/college level of education (42.4%), followed by university level (33.3%) and post graduate and secondary level of education (12.1%) in that order. This shows that majority (87.9%) of the respondents were well educated individuals with tertiary level education or above. This suggests that the respondents understood the subject of the study and the information

sought. High level of education as was established could mean most property management firms were engaging the services of professionals in management of property management portfolio.

4.2.3: Length of Continuous service with the firm

The duration to which the respondents had served in their firms was of interest since it was important to establish the depth of their understanding of the subject of the study. This was done by grouping short period (0-5 years), medium period (5-10 years) and longer period (over 10 years). The study found that most respondents had served in their organizations between 5-10 years (54.5%) with above 10 years at (24%) and 0-5 years at (21.2%). This indicate that most of the respondents had worked long enough in their firms to understand the study questions and would constitute reliable respondents. The interpretation of the high number of respondents who had served longer duration in firm could mean that most of the respondents were from senior employees of these firms. This was of significance to the study with respect to comprehension of the context of this study since long experience with the firm converts to better understanding of the firm's strategies as relates to outsourcing and supply chain performance improvement.

4.2.3: Age of the firm

The study sought to establish the period to which these firms have been in existence in Kenya. The duration was grouped into four categories; (<5 years, 5-10 years, 10-20 years and > 20 years). It was established that 39% of the respondents worked in firms that were in existence for a period of 5-10 years, followed by over 20 years at 29%, then 10-20 years at 23% with less than 5 years at 0%. This showed that majority of the firms have been in

the business of property management for substantive years reflecting tremendous experience in the sector. The research also revealed that most firms that have been in existence for long seemed to appreciate the need to register with professional bodies such as Kenya Property Developers Association in this case.

4.3: The extent to which outsourcing is implemented in property management firms

The extent of outsourcing was rated on a scale of 1-5 where: 1 = No Extent; 2 = Little Extent; 3 = Moderate Extent; 4 = Large Extent; 5 = Very Large Extent. The results were presented by use of mean and standard deviation figures from the scale as shown in table 4.3 below.

Table 4.3: Extent of Outsourcing

Outsourced activities	N	Mean	Std. Deviation
Information Technology Services	33	4.2121	0.64988
Repairs & Maintenance Services	33	3.8788	0.78093
Garbage Disposal Services	33	4.2424	0.90244
Accounts Management Services	33	3.2121	0.2688
Security Services	33	4.6061	0.96629
Cleaning and Gardening Services	33	3.5455	0.8693
Others	33	3.8788	0.69631
Overall Mean		3.9735	0.73342

Source: Research Data

From table 4.3 above, the results indicate that property management firms outsource their activities with security services (M=4.6061, SD=0.96629), garbage disposal services at a mean of (M=4.2424, SD=0.90244) information technology (M=4.2121, SD= 0.64988) repairs and maintenance services (M=3.8788, SD=0.78093), cleaning and gardening services (M=3.5455, SD=0.8693) and accounts management services (M=3.2121, SD= 0.2688). This indicates most respondents considered security to be the most outsourced service, followed by garbage disposal, IT services, repairs and maintenance, cleaning and gardening and accounts management in that order. Other services that were outsourced but not included in this model also constituted (M=3.8788, SD=0.69631). These results supports Nyameboame et al. (2017) assertion that outsourcing resources and services such as financial and accounting and Information technology boosts the firm in considerably focusing on their core competencies, delivery of quality services, access to more skills and expertise, improvement of services reliability, services responsiveness thus improving resource management.

4.4: Outsourcing and Supply Chain Performance

The main objective was establishing the relationship between outsourcing and supply chain performance. To do this, the respondents were asked to indicate in their opinion the level to which they believed outsourcing influenced supply chain performance. It also went further and conducted regression analysis against the two main performance indicators, reliability and cost efficiency. The data was presented and discussed as follows.

4.5: Extent to which outsourcing influence SCP

The respondents were also required to indicate to what extent outsourcing influences SCP. A Likert scale was used to determine the extent to which outsourcing is implemented in property management firms. The scale varied from not at all, small extent, moderate extent to large extent. The findings were summarized as presented in table 4.4 below.

Table 4.4: Extent to which outsourcing influence SCP

Response	Frequency	Percentage
Not at all	4	12
Small extent	2	6
Moderate extent	7	21
Large extent	20	61
Total	33	100

Source: Research Data

A large majority (61%) indicated that property management firms outsource activities to a large extent, followed by moderate extent 21%, not at all 12% and small extent (6%). This indicates that majority (88%) of the respondents in these firms agreed that outsourcing influences supply chain performance.

4.6: Regression Analysis

The study conducted two multiple linear regression models to determine the relationship between outsourcing and supply chain performance in property management firms. First was to find the relationship between the independent variables and reliability as a performance measure and secondly, the relationship between independent variables and cost efficiency. To reveal this relationship, analysis for goodness of fit, analysis of variance

and correlation coefficients was conducted by use of Statistical Package for Social Sciences (SPSS) and the finding were presented as follows.

4.6.1 Reliability of the supply chains

A multiple regression equation of the form

$$Y_R = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

Where:

Y_R - Reliability of the supply chains, β_0 - Constant term), $\beta_{1, 2, 3, 4, 5, 6}$ - Beta coefficients), X_1 - Security services, X_2 - Information technology (IT) services, X_3 - Repairs and maintenance services, X_4 - Cleaning and gardening services, X_5 - Accounting services, X_6 - Garbage Disposal services, ε - Stochastic Error Term.

Table 4.5: Goodness of Fit

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.862 ^a	0.744	0.685	0.37462

- a) Predictors: (Constant), Security, Information technology, Repairs and Maintenance, Cleaning and Gardening, Accounting services, Garbage disposal.
- b) Dependent Variable: Supply Chain Reliability

Source: Research Data

Table 4.5 above presents the statistical relationship established between outsourcing (independent variables) and reliability of the supply chains (independent variable) in property management firms. The study established a correlation value (R) of 0.862 reflecting a positive relationship of high correlation between the two variables. A value of

0.744 for R-square and value of 0.685 for adjusted R square was also established which shows a perfect model since it can explain 74.4% variations in the supply chain reliability. That is to mean that outsourcing of security services, garbage disposal, repairs and maintenance services, accounting services and cleaning and gardening services influences variations in reliability of supply chains at 74.4% with 25.6% being variations that are as a result of other factors not captured in this study. In overall, this indicates that the model is a very good predictor of supply chain reliability with $R^2 > 70\%$. The remaining 25.6% indicates that variation in reliability is also explained by other variables not in the model.

Table 4.6: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.594	6	1.766	12.581	.000 ^b
	Residual	3.649	26	0.14		
	Total	14.242	32			

- a. Dependent Variable: Supply chain Reliability
- b. Predictors: (Constant), Security, Information technology, Repairs and Maintenance, Cleaning and Gardening, Accounting services and Garbage disposal

Source: Research Data

Table 4.6 above shows a probability value of $0.000 < 0.05$ at 95% confidence level indicating that this regression model is significant in predicting how the independent variables affects the dependent variable (supply chain reliability). The F calculated at 5% level of significance was 12.582 which was greater than the F critical value of 2.39, this shows that the overall model is significant ($p \text{ value} = 0\% < 5\%$).

Table 4.7: Correlation Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.387	0.645		2.151	0.041
Security services	0.202	0.091	0.237	2.223	0.035
Information technology	0.328	0.098	0.476	3.352	0.002
Repairs and Maintenance	0.143	0.059	0.294	2.438	0.022
Cleaning and gardening	0.324	0.08	0.62	4.063	0
Accounting services	0.414	0.103	0.537	4.034	0
Garbage disposal	0.443	0.178	0.369	2.485	0.02

- a. Dependent Variable: Supply chain reliability
b. Predictors: (Constant), Security, Information technology, Repairs and Maintenance, Cleaning and Gardening, Accounting services and Garbage disposal

Source: Research Data

The data produced a multiple regression model equation of the nature:

$$Y_R = 1.387 + 0.202X_1 + 0.328X_2 + 0.143X_3 + 0.324X_4 + 0.414X_5 + 0.443X_6 + \varepsilon$$

Where:

Y_R - Reliability of the supply chains, β_0 - Constant term), $\beta_{1, 2, 3, 4, 5, 6}$ - Beta coefficients),
 X_1 - Security services, X_2 - Information technology (IT) services, X_3 - Repairs and maintenance services, X_4 - Cleaning and gardening services, X_5 - Accounting services, X_6 - Garbage Disposal services, ε - Stochastic Error Term.

The findings of this regression analysis shows that if other independents variables are fixed, increasing security services outsourcing would lead to improved reliability by 0.202, increasing information technology outsourcing would lead to improved reliability by 0.328, increasing repairs and maintenance outsourcing would lead to improved reliability by 0.143, increasing cleaning and gardening outsourcing would lead to improved reliability by 0.324, increasing accounting services outsourcing would lead to improved reliability by 0.414, and increasing garbage disposal services outsourcing would lead to improved reliability by 0.443. Coefficient table also indicate that at 95% confidence level, all the independent variables produces statistically significant values (high t-values) and p values of (< 0.05). All the independent variables also produced positive effects on reliability of services as reflected by positive B values. All the variables contribute to the model as indicated by p values ($< 5\%$). This reflects clearly that outsourcing security services, information technology, repairs and maintenance, cleaning and gardening, accounting services and garbage disposal would lead to improved reliability of supply chains in property management firms.

4.6.2 Cost Efficiency

The study also conducted a regression model to test the relationship between the independent variables (Security services, Garbage disposal, IT services, Repairs and maintenance, Accounting services, Cleaning and gardening services) and cost efficiency and below were the findings.

Table 4.8: Goodness of Fit

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.813 ^a	0.662	0.584	0.7904

a. Predictors: (Constant), Security services, Garbage disposal, IT services, Repairs and maintenance, Accounting services, Cleaning and gardening services

b. Dependent Variable: Cost efficiency

Source: Research Data

The study established a high correlation value (R) of 0.813 reflecting a positive relationship between outsourced services and cost reduction. A value of 0.662 for R-square and value of 0.584 for adjusted R square was also established which shows that 66.2 % of the variations in probability can be explained by the predictors. This indicates that outsourcing of security services, information technology services, repairs and maintenance services, cleaning and gardening services, accounting services and garbage disposal services influences cost of operations by 66.2% with 33.8% being variations that are as a result of other factors not captured in this study. Generally, this means that outsourced activities are good predictors of supply chain costs of property management firms.

Table 4.8: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	31.757	6	5.293	8.472	.000 ^b
1 Residual	16.243	26	0.625		
Total	48	32			

a. Dependent Variable: Cost efficiency

b. Predictors: (Constant), Security services, Garbage disposal, IT services, Repairs and maintenance, Accounting services, Cleaning and gardening services

Source: Research Data

Table 4.8 above shows a probability value of $0.000 < 0.05$ at 95% confidence level indicating that this regression model is significant in predicting how the independent variables (Security services, Garbage disposal, IT services, Repairs and maintenance, Accounting services, Cleaning and gardening services) affects the dependent variable (Cost efficiency). The F calculated at 5% level of significance was 8.472 which was greater than the F critical value of 2.39, showing that the model is significant (p value = $0\% < 5\%$) at predicting operational costs with the supply chain.

Table 4.9: Correlation coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.513	1.168		1.295	0.207
Security Services	0.435	0.255	0.309	1.703	0.1
Garbage disposal	0.715	0.142	0.811	5.026	0
IT services	0.677	0.212	0.692	3.2	0.004
¹ Repairs and maintenance	0.182	0.225	0.168	0.809	0.426
Accounting services	0.637	0.294	0.39	2.172	0.039
Cleaning and gardening	1.117	0.326	0.607	3.43	0.002

- a. Dependent Variable: Cost efficiency
b. Predictors: Security services, Garbage disposal, IT services, Repairs and maintenance, Accounting services, Cleaning and gardening services

Source: Research Data

The findings revealed a regression equation of;

$$Y_C = 1.513 + 0.435X_1 + 0.715X_2 + 0.677X_3 + 0.182X_4 + 0.637X_5 + 1.117X_6 + \varepsilon$$

Where: Y_C – Supply Chain Cost, X_1 - Security services, X_2 – Garbage disposal, X_3 – IT services, X_4 - Repairs and Maintenance services, X_5 - Accounting services, X_6 – Cleaning and gardening and ε - Error Term.

The findings of this regression model indicate that if other independent variables are fixed, increasing security services outsourcing would reduce cost by 0.621, increasing garbage disposal outsourcing would reduce cost by 0.388, increasing IT outsourcing would reduce cost by 0.506, increasing repairs and maintenance outsourcing would reduce cost by 0.499, increasing accounting services outsourcing would reduce cost by 0.182, and increasing cleaning and gardening outsourcing would reduce cost by 0.490. Coefficient table also indicate that at 95% confidence level, garbage disposal, IT services accounting services and cleaning and gardening produces statistically significant values (high t-values) and p values of (< 0.05). At 95% confidence level, security services, and repairs and maintenance are not significant (low t-values) and p values of (> 0.05), indicating that most respondents were of the opinion that security services and accounting services were not contributing to cost efficiency in the property management firms.

4.7 Discussion of Regression Analysis Results

The study conducted multiple regression analysis for the two measures of supply chain performance, reliability and cost efficiency. It was established that performance in terms of reliability was significantly influenced by outsourcing activities such as security services, information technology, repairs and maintenance services, cleaning and

gardening, accounting services and garbage disposal. All the six independent variables produced significant correlations with p values < 0.005 at 95% confidence level with higher T values indicating strong relationship with reliability. This supports the assertion of Nyameboame et al. (2014) that outsourcing enhances operational efficiency, as it minimizes workloads with regards to huge work overloads as well as periodic labor changes in functions that are directly linked to outsourced activity workloads.

The findings also revealed that outsourcing of activities directly impacts the cost with respect to making the supply chains more efficient. This was indicated by significant p values (< 0.005) for outsourcing services such as security, IT services and cleaning and gardening services while revealing that outsourcing services such as repairs and maintenance, accounting services and garbage disposal were not actually significant at 95% level of confidence. This could be interpreted to mean that outsourcing of repairs and maintenance and garbage disposal could otherwise complicate the cost of operations.

The findings can therefore compare the correlation values of outsourcing of activities in influencing reliability of the supply chains and that of cost efficiency. The study reveals high correlation values for reliability of the supply chain as compared to cost efficiency, with security, IT services and cleaning and gardening services emerging significant with p values of (< 0.005) and higher T values at 95% confidence level for cost efficiency. This indicates that most of respondents believed that outsourcing of services influenced reliability more than they influenced cost efficiency with respect to these two levels of supply chain performance. This was reflected by low B values for cost efficiency and slightly higher B values for reliability showing variations impact for each independent variable on reliability and cost efficiency.

These results bring us to the conclusion that outsourcing influences supply chain performance in property management firms although level of influence to different supply chain performance indicators differs. These results supports the findings of Ikedishi et al. (2014) that outsourcing of services directly impact and significantly improve order of operations and increased reliability, responsiveness and assurance of service. The study supports the findings of Kakabadse and Kakabadse (2001) that outsourcing leads to cost reduction where savings from operations result from use of third party service providers as opposed to own capacity in seeking improved levels of performance at reduced costs. According to Lam (2013), costs that are avoided are those related to salaries, administrative expenses, staff training, recruitment expenses and operational expenses. Outsourcing improves supply chain efficiency, as it lowers the workload with regards to increased overloads and periodic labor demands in areas where activities are outsourced.

4.6: Challenges of Outsourcing

The study sought to find the challenges that are experienced as a result of outsourcing in property management firms. The respondents were asked open ended question probing a list of major challenges experienced when outsourcing and related results were grouped as presented in table 4.10 below.

Table 4.10: Challenges of Outsourcing

Challenges of Outsourcing	Frequency	Percentage
Threat to company confidential information	1	3
Vulnerability to competition/conflicts with vendors	7	21.2
Threat of losing business control	2	6.1
Loss of opportunity to innovate/ create new products	3	9.1
Threats of losing organizational culture	1	3
Threats of increased cost of business	3	9.1
No response	16	48.5
Total	33	100

Source: Research Data

The respondents cited various challenges including, threat to company confidential information (3.0%), and vulnerability to competition/conflicts with vendors (21.2%), threat of losing business control (6.1%), loss of opportunity to innovate (9.1%), threats of losing organizational culture (3.0%) and threats of increased cost (3.0). Most of the respondents (48.5%) however, did not respond to this question.

This is in line with assertion of Lam (2012) which concluded that outsourcing becomes a challenge if many suppliers are involved, precipitating the need for proper coordination among partners since there could be complacency over time, lack of control of larger suppliers and lack of commitment.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Summary of the study, conclusions of the findings and recommendations for policy changes are discussed in this chapter. Major limitations of the study and suggestion for further research are also discussed. The study sought to determine the relationship between outsourcing and supply chain performance in property management firms. The task involved identifying the activities that are outsourced by property management firms, establishing the extent to which outsourced activities are implemented and to determine the challenges that property management firms experience as a result of outsourcing.

5.2 Summary

In seeking to establish the impact of outsourcing on property management firms, the researcher reviewed various literature that assisted in understanding the background of the study with respect to current situation in outsourcing. Outsourcing and supply chain performance in property management industry was highlighted. The research also reviewed literature with respect to relevant theories, related empirical studies and in-depth review of major activities outsourced by property management firms. The study benefited a lot from reviewing these resources as they formed the guide to this research by providing research gaps that needed investigation.

Quantitative research was used as the methodology to guide the study in the finding of its objectives. The target population was a census of firms registered with Kenya Property Developers Association forming a total of eight companies that were investigated. A total

of 40 responses were sought from the eight firms through the use of questionnaires. Data analysis was immediately resumed after a total of 33 questionnaires were cleared as suitable for the study. Summary of data was done by tabulating them into frequencies, percentages, mean, and standard deviations and were presented in graphs, charts and tables.

The findings revealed that majority of employees in these organizations were well educated with most of them having attained tertiary college education or above. The findings indicated that majority of these firms had been in property management business for more than 10 years.

It was also established that property management companies outsource most of their activities with security emerging as the most outsourced services, followed by garbage disposal services, information technology services, repairs and maintenance, cleaning and gardening services and lastly accounts management services among others. The results also indicate that apart from these, there are other activities that are outsourced by property management firms although were not in the scope of this study. It was established that through outsourcing of activities in property management firms, there are several supply chain performance benefits enjoyed including improved quality of service, improved responsiveness, reliability of service delivery, timely service deliveries, cost reduction and effectiveness in their supply chains. The study also established a strong relationship between outsourcing and supply chain performance in property management firms in terms of reliability and cost reduction. It was however determined that outsourcing could lead to loss of confidential information, reduced control of business, loss of company culture, conflicts with outsourced firms and exposure to competition.

5.3 Conclusions

There was a conclusion of this study that property management firms involve outside organizations in performing their activities. The activities outsourced include, but not limited to IT services, garbage disposal services, security services, cleaning and gardening services, accounting services and repairs and maintenance services. Most of these companies engage in outsourcing as they attempt to focus on core competencies while maintain high standards of performance in their supply chains.

Most firms indulge in outsourcing without a clear business structure of engaging with the external firms, thus often leading to loss of innovative capacity, exposure to competition, negative influence of organizational culture as some of the possible negative effects of outsourcing. Therefore, there is a critical need to restructure systems towards innovation and maintaining a competitive edge when outsourcing to enhance efficiency in service delivery.

5.4 Recommendations

Following the finding of the study, it is in the researcher's opinion that when outsourcing, the firm's objective should be aligned with outsourcing needs in order to achieve greater benefits that comes from outsourcing activities. Conducting transactional cost analysis should be the criteria for decision making to allow avoidance of hidden costs and cost complications that may exist as a negative effect of acquiring activities from outside service providers. Criteria for selecting vendors should be of concern to property management firms since their supply chain performance is also anchored on efficiency and effectiveness of the outsourced firm. Therefore, the study recommends a steady integration system

between the firms and close monitoring and evaluation of activities that are outsourced for attaining optimized service levels. In their efforts to thrive in the growing industry, property management firms should enhance their competitive advantage and performance by paying more attention and putting more resources into research and development.

5.5 Study Limitations

The study was limited to the eight KPDA registered property management firms in Nairobi Kenya as opposed to a wider region of East Africa, this may have reduced the chance of getting the character of many non-registered firms in the industry that may be experiencing, similar or different business environment considering the geographical location and even the different competitive environment. Operations departments, finance departments and supply chain departments were the only departments considered for this study, this could have left out respondents in other departments that could be having a totally different experience regarding outsourcing and SCP.

5.6 Areas for Future Research

The study focused on the impact of outsourcing on supply chain performance in property management firms and the challenges that may accrue, further studies should be directed at comparing the performance of outsourcing across industries to establish the differences that exist. More research should also be concentrated on understanding cost implications of outsourcing and ways of structuring outsourcing ventures that may lead to deeper insight and assist in decision making when high costs emerge as negative effects of outsourcing.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Please give answers in the spaces provided that matches your response to the questions.

SECTION A: GENERAL INFORMATION

1. Name of property management firm
2. Which department are you in? (Tick as applicable)
 - a) Procurement/Supply Chain Department ()
 - b) Finance Department ()
 - c) Operations/Property Management Department ()
3. What is your highest level of education qualification? (Tick as applicable)
 - a) Post graduate level () b) University ()
 - c) Tertiary College () d) Secondary ()
4. Length of continuous service with the firm? (Tick as applicable)
 - a) 0 – 5 () b) 5 – 10 ()
 - c) Above 10 ()
5. For how long has your firm been in existence in Kenya? (Tick as applicable)
 - a) Less than 5 () b) 10 – 20 () c) 5 – 10 () d) Above 20 ()

SECTION B: TO WHAT EXTENT IS OUTSOURCING IMPLEMENTED IN PROPERTY MANAGEMENT FIRMS

1. To what extent is outsourcing implemented in Property Management firms?

Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Outsourced Activities	1	2	3	4	5
Garbage Disposal					
Information Technology					
Repairs & Maintenance					
Accounts Management Services					
Security Services					
Cleaning and Gardening Services					
Others					

SECTION C: SUPPLY CHAIN PERFORMANCE

1. In your opinion, to what extent is outsourcing implemented in property management firms?

- a) Not at all () b) Small extent ()
 c) Moderate extent () d) Large extent ()

2. Kindly indicate to what extent the following supply chain performance measures are true in your organization based on a 5-point scale by using a tick (√) or X to mark the applicable box where (5) = Very great extent (4) = Great extent (3) = Moderate extent (2) = Small extent (1) = Very small extent.

Supply Chain Performance	1	2	3	4	5
Security services					
Security provision are more reliable					
Response time in emergent security cases is fast					
Cost of security provision is low					
Garbage Disposal Services					
Garbage collection area is clean					
Disposal of garbage is done on time					
Cost of garbage disposal is low					
IT services					
Information integration of internal operations are enhanced					
IT operations are efficient					
There is effective sharing of information with tenants.					
Repairs and Maintenance					
Cost of repairs and maintenance is low					
Repairs and maintenance of facilities is done in time					

Response to maintenance of facilities is quick.					
Company's resources are safeguarded					
Accounting Services					
Financial reporting is timely					
Financial reports are accurate					
Cost of accounting is low					
Cleaning and gardening services					
Property sanitation is enhanced					
Cleaning of the property takes a shorter time					
Cost of cleaning is low					
Beauty of the lawns is enhanced					
Maintenance of the gardens takes a shorter time					
Gardening cost is low					

4 a. In your opinion, what are some of the major challenges that comes with outsourcing?

b. In your opinion, what else may be of relevance to the study and the firm as far as outsourcing is concerned?

THANK YOU FOR YOUR TIME AND COOPERATION.

**APPENDIX 2: PROPERTY MANAGEMENT FIRMS REGISTERED
WITH KPDA**

1. AXIS REAL ESTATE LTD
2. BROLL KENYA LTD
3. CORAL PROPERTY CONSULTANTS LTD
4. CORAL PROPERTY INTERNATIONAL LTD
5. KNIGHT FRANK KENYA LTD
6. PAM GOLDING PROPERTIES LTD
7. RE/MAX HERITAGE LTD
8. TYSONS LTD

Source: Kenya Property Developers Association *website*: <http://www.kpda.or.ke/> viewed
2018