

**THE EFFECT OF OUTSOURCING ON CORPORATE
PERFORMANCE AT BRITISH AMERICAN TOBACCO KENYA
LIMITED.**

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ABSTRACT

The objective of this study was to investigate the effect of outsourcing on corporate performance at British American Tobacco Kenya Limited. The advantages and disadvantages of outsourcing as well as the risks involved in outsourcing were also looked into.

The study targeted mainly the procurement department although other departments that were affected by outsourcing were also included. The respondents targeted were senior and junior management staff.

Data was collected using semi-structured questionnaires administered on a drop and pick basis. Data analysis was done using frequencies, percentages and mean scores. 10 questionnaires were successfully completed giving a success rate of 50%.

The research findings established that outsourcing indeed has a positive effect on the corporate performance of BAT Kenya and that many of the employees were welcome to it. However, the junior managers felt that not all the stakeholders were involved in the outsourcing process and thereby outsourcing by the company did not achieve its full potential. They advocated for more involvement of those working on a day to day basis with the outsourced company in the decision making processes.

In cases where the outsourced cannot deliver sufficiently, the respondents were of the opinion that such functions should be kept in-house. They also cautioned that the outsourced should not be given a green light to do everything as they want, rather they should have the responsibility to deliver but the company should remain answerable.

The study recommends that all stakeholders be involved in the outsourcing process. It proposes that Service Level Agreements be adhered to, to govern the various outsourced functions. Finally the study recommended regular reviews of the Service Level Agreements as well as level of satisfaction offered by the outsourced so that the company ensures that its goals and objectives are being met.