

**EMPLOYEE PERCEPTIONS OF THE BENEFITS OF OUTSOURCING
HUMAN RESOURCE FUNCTIONS AT MOI TEACHING AND REFERRAL
HOSPITAL**

KITAGWA MUSIMBI RENEE

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THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER
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UNIVERSITY OF NAIROBI**

DECLARATION

This Research Project is my original work and has never been presented to the University of Nairobi or any other institution for an academic award

Signed..... Date.....

Kitagwa Musimbi Renee

Registration Number: D61/70442/09

This project has been presented for examination with my approval as the university supervisor.

SignedDate.....

Florence Muindi.

School of Business

University of Nairobi

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God bless you all.

DEDICATION

To mum and dad: thank you for your instilled importance of education, hard work for achievement in me.

To my husband Nelson, thank you for your love, continued support and advice.

To my children Enilsah and Raynor: thank you for your understanding and patience when I was not available for you when you needed me most.

ABSTRACT

This study sought to determine the relationship between employees perception of the benefits of outsourcing human resource services at the Moi and teaching referral hospital. The population of interest consisted of all the employees of Moi Teaching and Referral Hospital. This was a descriptive survey. Primary data was used in this study. Data was collected from 80 of the employees' of Moi Teaching and Referral Hospital. The collected data was analyzed and interpreted in line with the objective of the study. The response rate was 100% of the target population. The study established that there exists positive attitude towards the benefits of outsourcing. For instance, employees feel that outsourcing of Human Resource functions reduces the workload of the existing staff, hence allowing the organization to focus on strategic decision making. It is therefore important that Moi Teaching and Referral Hospital develop policies that will allow them to consider their employees perceptions before outsourcing human resource functions. This study will be important to the management of Moi Teaching and Referral Hospital since it will enable them appreciate their employees' perceptions on the Benefits of Outsourcing Human Resource Functions. Replicating this study in different settings would be worthwhile hence further research should be done in other sectors of the Kenyan economy, both public and private since it is apparent that outsourcing generally benefits organizations and therefore it is here to stay.

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ABBREVIATIONS

AMPATH-Academic Model for the Prevention and treatment of HIV/Aids

MTRH-Moi Teaching and Referral Hospital

HRIS-Human Resource Information System

IT-Information Technology

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Human Resource (Human resource Management) is living in a turbulent environment brought about by technological advancement, social factors, economic ups and downs and political pressures. Human Resource is a very important part of the Organization due to; increasing cost of labor to increase productivity, need for compensation plans that motivate, the need for ensuring good employee relations and the ever changing laws regarding employee relations (Gubbins et al 2006; Wirtz et al 2008). Due to this, organizations around the world are increasingly using outsourcing as a strategic Human Resource Management tool which can be leveraged to allow them to focus on their core competencies. Mondy (2000) argues that in today's competitive environment the Human resource function can no longer afford to be the personnel department of old hiring and firing .The increasing recognition of the human resource as a legitimate business unit has made it highly strategic in nature and more critical to achieving corporate objectives. This has brought the need to free human resource professionals to concentrate on strategic issues and to leave out routine work which is not core, so as to make personnel better able to focus attention on strategic importance. This has led to adopting outsourcing as a means to enhanced efficiency and effectiveness in performance.

1.1.1 Employee Perceptions

Perception can be defined as 'a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment' Perception is not necessarily based on reality, but is merely a perspective from a particular individual's view of a situation. In dealing with the concept of organizational behavior, perception becomes important because 'people's behavior is based on their perception of what reality is, not on reality itself (Robbins et al 2004 p 132).

Perception is the process of perceiving and the way of conceiving something. Perception is the process of acquiring, interpreting, selecting and organizing sensory information. Perception is the way; we react to any particular situation. The world as it is perceived as the world that is behaviorally important. An understanding and appreciation of this is no pre-requisite to effective employee perception in the workplace and therefore effective management and leadership (Icfai University Press, HRM Review, 2008). There is a known fact that without perception, nothing can be done in an organization and for doing any task we need a perception which is accepted by all the employees in an organization. It is the key for the manager to make her team work and get the better output for the organization (Kessler et al 1999). Perception helps each and every individual in the organization to carry the things in different ways as the organization needs different perceptions to make successful results.

Organizations and their employees face ongoing challenges in the form of new strategic initiatives designed to keep pace in an increasingly complex business environment. In order for these challenges to be successfully met, new behaviors are required on the part of employees (Sims 1994). Defining these new behaviors is initiated through the organization's human resource practices (Rousseau & Wade-Benzoni 1994). However, actual change in individual employees' behaviour is determined by interpreting their employers' human resource practices. Such interpretation affects employee behaviour by altering perceptions on how human resource outsourcing practices among others is of benefit to individual employees. When the idea of outsourcing is raised, the organization's first decision is to identify the importance of the internal activities and nominate those activities which should be outsourced. Employee involvement appears to be a significant factor in making this decision and can influence the level of trust and commitment employees have in the organization (Fiorito et al 2007; Simmonds & Gibson, 2008). Each option has its own benefits and managers should consider which option is suitable for their organization. The choice of outsourcing impacts on employees and these impacts need to be identified

1.1.2 Outsourcing of Human Resource Services

Outsourcing is the situation when a company sub-contracts to another supplier work that it was previously performing in-house (Mabey 1999). Jarilo (1998) argues that vertical integration had been the dominant philosophy of large organizations; historically they believed that one should establish control over all activities contributing to the value chain of a given product, however the trend is beginning to break down in favor of variants of subcontracting and strategic networks which essentially constitute an alternative market based organization form. Torrington (2005) observes that managers are keen to focus all their energies on the core business activities, by which they mean those activities which are the source of competitive advantage and which determine the success or failure of the organization. There is the desire to minimize the amount of management time and effort which is spent carrying out marginal activities. Institute of personnel and development (1998) observes that the biggest single cause in the increase of outsourcing has been the concept of core organization which focuses its in-house expertise on its primary function and purchases any necessary support from a range of sources in its periphery. The policy has become to manufacture only the items –and internally source only those support services-that contribute directly to, or help to maintain, our competitive advantage.

Increasingly human resource services which would previously have been regarded as a business own responsibility to manage, are now routinely being purchased from external suppliers. Human resource function is well positioned to outsource some of its activities to management consultancies and other agencies or firm that act as services providers (Lohuman resource, 2007). Outsourcing can be done in areas like: training, recruitment, executive search, occupational health and safety services, employee welfare and counseling activities, pay roll administration and legal advisory services.

1.1.3 Benefits of Outsourcing Human Resource Services

It's true that outsourcing can save money, but that's not the only (or even the most important) reason to do it. As many firms discovered during the outsourcing "mania" of the early 1990s, outsourcing too much can be an even bigger mistake than not outsourcing any work at all. The flat economy caused many companies into huge layoffs and subsequently outsourced functions that were better kept in-house. Wise outsourcing, however, can provide a number of long-term benefits for instance; human resource costs are reduced because the services are cheaper and the size of the function can be cut back (Hansen, 2009; Lawler & Mohrman, 2003). Concentration of human resource effort this enables the organization to dispense with the services of junior human resource staff and to retain small team of more senior people to deal with policy issues, sensitive or confidential matters and union negotiations. Quinn (1992) argues that companies should concentrate on those core competencies (usually intellectual or service activities) which can be best in the world. The other activities should be outsourced. Access to expertise knowledge is another benefit which enhances access to specialist services. Organizations are able to obtain know-how and experience that are unavailable in the organization

Human resource services outsourcing improves service delivery; this appears to encourage the measurement of value of human resource which comes about through the need for service level agreements and key performance indicators with a greater focus on customer satisfaction. Outsourcing has been introduced as a vehicle for effecting changes that would be hard to implement internally, it also enables flexibility in that supply can be readily turned on and off (Quinn 1992). It offers an improved method of capacity management of services and technology where the risk in providing the excess capacity is borne by the supplier. Enhance capacity innovation where Companies increasingly use external knowledge service providers to supplement limited in-house capacity for product innovation.

Co modification is the trend of standardizing business processes, IT Services and application services enabling businesses to intelligently buy at the right price. It allows a wide range of businesses access to services previously only available to large corporations. Senior human

resource people are more interested in the business of their company than the business of human resource, that is, they are more concerned with the well being as well as growth of the business in the long run (Mabey 1999) .They would like to become more strategic, and the only way they can have the time to do so is to get rid of the time that's committed to some of the administrative functions by outsourcing them. It also helps in controlling the hassle factors (Blackman et al 2006). There are loads of hassle factors like keeping track of all people ,managing technology budgets ,managing service level agreements etc, all these core competencies of business are really required ,but these factors can easily be taken care by outsourcing human resource company ,to give employers ease from managing such complex functionalities. Human resource services outsourcing guarantees efficiency in service provision. It is concerned with how resources (money, time, equipment, and personnel) are used to get the desired result, one is said to be efficient if the minimum cost is spent to obtain the desired goals (Jarilo 1998). Better use of resources. Outsourcing permits an organization to redirect its extra resources from non-core activities towards activities that have greater return in serving the customer (Thompson et al 2005). By outsourcing a non-core value creation activity to a supplier that has a distinctive competency in that activity, the company may also be able to better differentiate its final product.

1.1.4 The Moi Teaching and Referral Hospital (MTRH)

The Moi Teaching and Referral Hospital (MTRH) started as a cottage Hospital in 1917 and has since evolved into a fully-fledged second referral facility in the country with a 800-bed capacity. Teaching and referral facility was accorded by the legal notice No.78 of 12th June 1998 under the state corporations Act (CAP 446) and the first board of the management was gazetted on June 1999.The Moi Teaching and Referral Hospital has grown tremendously over the last 90 years from a Native Cottage hospital to a National Referral Hospital .The hospital has since grown to incorporate the Academic Model for the Prevention and treatment of HIV/Aids (AMPATH), one of its kinds in Africa. The hospital provides a range of health services in three categories namely: Curative, Preventive and Rehabilitative (<http://www.mtrh.or.ke>).

The establishment of Moi University in 1984 and subsequently the establishment of the Faculty of Health Sciences at Moi University according to the "Mackay Report" (September 1981) was, "To meet the high level of manpower required for the delivery of health services to the people and particularly in the rural areas." It is important to note that emphasis was put on the promotive and preventive aspects of health; this was a landmark event that would later have a direct impact on the development of the hospital, leading to its elevation from a Provincial to a National Teaching and Referral Hospital (<http://www.mtrh.or.ke>). This led to the construction of a new outpatient complex, student hostels, Modern Mortuary, and Senior Staff Houses through a grant from the Chinese Government in 1990. The hospital also has a training centre that offers courses for Registered Nursing by way of e-learning as well as in-house training on Computer Applications.

1.2 Research Problem

People management plays a crucial role in delivering organizational performance. In today's modern knowledge economy this is truer than ever before. The decision to outsource human resource services is therefore not to be taken lightly. Cost reasons alone are not sufficient to drive the decision. Decision makers need to ask whether there is a need to change the way the human resource department operates and review existing provision (Klepper & Jones, 1998). Where gaps are identified, organizations need to consider whether these are best solved by minor tinkering or major transformation. It must also not be forgotten that a transition from in-house human resource provision to the use of an outsourced provider is a significant change for the organization, and must be managed accordingly. If significant time is not devoted to the process of change, with unequivocal top-level support, there is a danger that staff / line manager relationships and other aspects of people management policy may be neglected. Most human resource practitioners recognize employees are the key for an organization to gain a competitive advantage. Hence, it could be suggested that organizations should strongly focus on their employees and be heavily committed to employee satisfaction (Dessler, 2008; Ivancevich, 2007; Reilly & Williams, 2006), by understanding and attempting to satisfy the needs of their employees (Dibble, 1999).

The rapid developments at the Moi Teaching and Referral Hospital and among its stakeholders have posed various challenges which have necessitated the development of the strategic plan for 2008-2012. The Moi Teaching and Referral Hospital incorporates the Academic Model for providing access to healthcare. As healthcare provider MTRH needs to manage its workforce effectively, to ensure quality performance and avoid losing some of the most competent employees. It is in the organization's interest to ensure it maintains a motivated and effective workforce as a step towards combating the ever-increasing competition in the global environment, thus the need to understand the employee perceptions of the benefits of outsourcing of human resource services in the organization the services being outsourced at the MTRH are; pay role administration, human resource Management and risk management.

Several studies have been carried out locally on human resource outsourcing among them; Makhino (2006) studied the Benefits & Challenges of Outsourcing human resource Activities of Commercial Banks in Kenya. The study established that the banks that outsource some of their Human resource activities have benefited from the practice, the benefits have however not been fully exploited because the banks do not have clear policies to govern the practice and the range of activities outsourced by banks is still narrow. Komen (2005) studied the Extent of Outsourcing of Human Resource Management Functions by the Public Service in Kenya, the study revealed that most of the Ministries outsourced these function to a longer extent albeit from other government institutions. Nyarandi (2002) studied Implementation of Outsourcing in Private Hospitals, which revealed that the practice of outsourcing is not new in private hospital. The main reason for outsourcing was established as focus in core business, service improvement and reduction of service cost. Tarlochan (2001) studied the Outsourcing of Human resource Management Services among Manufacturing Firms in Nairobi. The findings of the study reflect that only 42.42% of manufacturing firms of all sizes in Nairobi outsource Human resource services.

The findings of these studies indicate a knowledge gap on whether there are some areas that outsourcing can be studied to determine how it affects employees and its benefits to both individual and organization performance. This laid a basis for this study since none of the local studies carried out researched on Employee Perceptions of the Benefits of Outsourcing of

Human Resource Services at the Moi Teaching and Referral Hospital. This study therefore seeks to look at the in-depth analysis of the employee perceptions of the benefits of outsourcing human resource services. This therefore leads to the question: what perceptions do Employees have with regard to the benefits of outsourcing?

1.3 Research Objective

To establish the employees' perceptions of the benefits of outsourcing human resource services at the Moi Teaching and Referral Hospital-Eldoret.

1.4 Value of the Study

This study will be important to the management of MTRH as it will enable them appreciate and recognize their employees' perceptions on the benefits of outsourcing human resource services. The study results will also inform Management and staff of other organizations as it will provide insight on their employees' perceptions on the benefits of outsourcing human resource services. Scholars/researchers will also find it important as the study will increase to the body of knowledge in this area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Human Resource Outsourcing

Human Resource plays a crucial role in any company or organization. The latest buzzword in the human resource stream is that of Human resources Outsourcing. It is gaining both, popularity and worldwide acceptance. This is because it is one effective way, to save costs. More and more companies are realizing that Human resources Outsourcing is an essential tool to bring down costs and bring value addition to the business (Taylor, 2007). Organizations of all kinds are growing aware of the need for Human resources Outsourcing. The best skills will be available at lower costs thus shoring up profitability. If a business has to survive in this competitive world, it has to increase productivity and be competitive (Lohr, 2007).

Outsourcing is the situation when a company sub-contracts to another supplier work that it was previously performing in-house Mabey (1999). Jarilo (1998) argues that vertical integration had been the dominant philosophy of large organizations; historically they believed that one should establish control over all activities contributing to the value chain of a given product, however the trend is beginning to break down in favor of variants of subcontracting and strategic networks which essentially constitute an alternative market based organization form. Torrington (2005) observes that managers are keen to focus all their energies on the core business activities, by which they mean those activities which are the source of competitive advantage and which determine the success or failure of the organization.

While examining the issue of Human resources Outsourcing, the company should be very clear on the kind of service it expects. It would do the company good to set down the present job roles and expectations to create a benchmark. This would help in assessing the impact of outsourcing afterwards. Communication on the expectations should be very clear. Human resources can be partly outsourced for growing businesses. This will translate into immediate savings for the

business. These savings can be channelized into the business for growth (Kamath, 2007; Sullivan L., 2004). While there is a hue and cry going on about Human resource Outsourcing, it should be recognized that companies gain competitive advantage in the process. Companies gain by improvement in quality and productivity. However, it needs to be noted that outsourcing does not deliver all the time, especially on-going human resource functions that are better performed by the internal Human resources of a company.

2.2 Benefits of Human Resource Outsourcing

One solution that many businesses have started turning to, is human resource outsourcing. Basically, this involves contracting all of your human resource-related job duties out to a company that specializes in providing human resource support to other businesses. Like any sort of outsourcing, it has its ups and downs, but there are a number of benefits that outsourcing your human resources tasks brings. The first, obviously, is that you no longer have to do the paperwork yourself, nor do you need to hire human resource personnel. This saves you a lot of time and money. Outsourcing allows organizations to focus on their core business and can create a competitive advantage by reducing operational costs. Shelgren (2004) reports organizations can pay 99 percent of employee claims within two weeks and provide service responses as required within 48 hours, when compared with running human resource activities in-house. Outsourcing human resource activities also provides organizational flexibility in dealing with the challenges of a constantly changing environment (Makenna & Walker, 2008; Young S., 2007). In rapid growth periods, the back-office operations of a company will expand. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office.

2.2.1 Cost Effectiveness

Although asset costs are increasing due to the impact of the global financial crisis (Mouhammed, 2008), organizations cannot increase their production cost due to the high level of competition in today's markets. It is necessary for organizations therefore to search for strategies which lower asset costs (Greer et al 1999; Hansen, 2009; Potkány, 2008). Outsourcing is seen as a cost saving strategy (Stroh & Treehuboff 2003), with organizations outsourcing their non-core competencies whilst still maintaining customer service, and thereby gaining a competitive advantage (Thompson et al 2005). Global operations and the goal of organizational growth naturally puts pressure on organizations to invest in human capital (Hasan & Abdullah, 2008; Leeuwen & Foldvari, 2008; Potkány, 2008). Jeffay et al (1997) suggest that outsourcing human resource activities can maintain a better-quality human resource service at a cheaper price. The cost of outsourcing human resources activities can amount to less than the cost to recruit, interview, hire and train human resources staff members to perform the same functions. Limited budgets often leave no choice but to outsource human resources functions. However, companies that begin outsourcing human resource functions later add staff to ensure quality control of provider services. Calculating cost savings over time can justify continued human resources outsourcing as a standard practice.

2.2.2 Focus on Core Competencies

Many organizations make a decision to outsource some organizational activities. This is because they want to focus on their core competencies, and see low value in developing in-house activities outside of this core (Cooper, 2007; Potkány, 2008). Specifically, outsourcing human resource activities can reduce the work load of existing human resource staff, thereby allowing the organization to primarily focus on strategic decision making and developing core competencies (Hansen, 2009). Cook (1999) supports the view that outsourcing human resource activities can allow managers to pay attention to their core business rather than spend valuable time on human resource activities that are becoming increasingly more complex and advanced. Datar (2003) proposes that some internal activities of the human resource function

are not core business and could be either permanently or temporarily outsourced. For example, recruitment is the most popular human resource process to be outsourced. Such a strategy also allows the organization to focus on and invest in core competencies.

Recruitment specialists have more advanced techniques, including multiple sourcing channels, web-sites, and recruitment software (“spiders”) that can easily find thousands of applicants, thereby increasing the probability that the best person for the job will be found (Maidment, 2003). The increased complexity and turnover of information in the human resource area is also widely managed by external experts. Human Resource Information Systems (HRIS) and other human resource software play an important support role in managing people (Stone, 2006). Stone confirms that HRS has become a significant mechanism that helps organizations improve productivity and retain a competitive advantage. Moreover, he argues that HRIS can integrate vital human resource information and organization strategy. However, constant updates in technology often make HRIS useless and hence require large expenditure to maintain, upgrade and modify. Organizations may not have the specialized skills in-house to be able to handle these challenges.

Developing HRIS requires professional expertise which many organizations lack (Pritchard 1984). Greer et al (1999) therefore suggest that outsourcing HRIS to a provider is a cost-effective strategy. Therefore, there are a variety of factors that motivate the trend towards human resource outsourcing, including a focus on cost saving, and the need to concentrate on core competencies (Reilly, 2006). However, the focus on human resource as a value-adding function at the strategic level is seen as a significant driver for outsourcing human resource activities.

2.2.3 Strategic Human Resource

Organizations increasingly acknowledge the strategic importance of the human resource function (Gubbins et al 2006; Wirtz et al 2008). As human resource management perspectives change from operational and administrative, to strategic, human resource becomes more aligned with organizational goals and strategy. This change has increased the focus of outsourcing the human resource function, and it is steadily building momentum in many organizations (Merritt, 2007; Raman et al 2007). Hence, outsourcing the function is seen as a significant part of contemporary human resource strategy (Lohr, 2007). It has been suggested that by specifically isolating the human resource management function, organizations can gain an edge over competitors (Beardwell & Claydon, 2007). For instance, in a study by Gilley et al (2004) outsourcing the human resource function had an impact on organizational performance. Specifically, the research showed that outsourcing both training and payroll led to a higher propensity for organizational innovation. Moreover, outsourcing the training activity led to high stakeholder performance and an increased ability to add value to the stakeholder. Furthermore, outsourcing the training activity also led to improved supplier– customer relations, because employees were well trained by expert professionals. More importantly however, research supports that outsourcing human resource activities can encourage the human resource function to become more strategic by spending less time on meeting cost objectives and addressing developmental goals in terms of specific human resource knowledge – and more time on strategic planning (Kosnik et al 2006; Stopper, 2005). Currently, it seems the most common outsourcing human resource activities are recruitment, payroll, training and development, benefit administration and legal compliance, and the administration or transaction process of human resource. Research conducted by Elmuti (2003) shows the top human resource activities that their respondents outsourced or decided to outsource were payroll, administration of retirement plans, and benefit administration.

However, human resource outsourcing is no longer strictly about recruitment, payroll, training and development, and legal compliance. Organizations increasingly report that they outsource many more human resource activities. This implies that, organizations and Human Resource Organization providers will become business partners. It seems that in the future, human resource providers will take full responsibility for their client's human resource function. In turn, to understand the nature of their client's business, Human Resource Organization providers need to consider the context of their client, including organizational culture and structure (Tanure & Duarte, 2007). Hence, it appears that outsourcing as a Human resource strategy is increasing in popularity. It appears important therefore, that organizations should consider the impact of making outsourcing choices, especially given the potential for positive impact.

2.2.4 Service Delivery

This appears to encourage the measurement of value of human resource which comes about through the need for service level agreements and key performance indicators with a greater focus on customer satisfaction. Outsourcing has been introduced as a vehicle for effecting changes that would be hard to implement internally, it also enables flexibility in that supply can be readily turned on and off (Quinn 1992). It offers an improved method of capacity management of services and technology where the risk in providing the excess capacity is borne by the supplier. Enhance capacity innovation where Companies increasingly use external knowledge service providers to supplement limited in-house capacity for product innovation. It also helps in controlling the hassle factors. There are loads of hassle factors like keeping track of all people ,managing technology budgets ,managing service level agreements etc, all these core competencies of business are really required ,but these factors can easily be taken care by outsourcing human resource company ,to give employers ease from managing such complex functionalities (Beardwell & Claydon, 2007). Human Resource services outsourcing guarantees efficiency in service provision. It is concerned with how resources (money, time, equipment, and

personnel) are used to get the desired result, one is said to be efficient if the minimum cost is spent to obtain the desired goals (Jarilo 1998).

2.2.5 Efficiency

Hiring an outsource provider to handle your human resources functions can improve efficient handling of employment matters. Startup companies, in particular, benefit from the level of expertise afforded by outsource providers. The major advantage of human resources outsourcing includes efficient handling of compensation and benefits administration that requires extensive knowledge of laws and regulations pertaining to employment and taxation. Human Resource outsource providers can also handle recruiting functions, workplace investigations and occupational safety reporting in a more efficient manner than the employer itself. Outsourcing of human resources department can also help the employees. Because they specialize in human resources, these outsourcing companies often know how to get employees the best human resource services around, including health benefits and great retirement plans (Heywood, 2001; Maidment, 2003). They may also be able to provide rewards programs to your company for much less than you might otherwise pay. Also, if you or your employees have need of any kind of human resource support in issues like worker's compensation, these companies have years of expertise that is available to you. Another benefit about human resource outsourcing is that it is not an all or nothing situation. You can easily outsource only your payroll and attendance, for example, while dealing with compliance and taxing yourself.

2.3 Employee Perceptions and Human Resource Outsourcing

Perception is the way; we react to any particular situation. An understanding and appreciation of this is no pre-requisite to effective employee perception in the workplace and therefore effective management and leadership. There is a known fact that without perception, nothing can be done in an organization and for doing any task we need a perception which is accepted by all the employees in an organization. It is the key for the manager to make her team work and get the better output for the organization. Perception helps each and every individual in the organization to carry the things in different ways as the organization needs different perceptions to make successful results.

Kessler et al (1999) examined the impact of external activities (outsourcing) on employment relations from the point of view of the employee. In this case, the facets of the business that had been outsourced were mostly in the service, finance, and personnel areas. This research relied on the results from a two phase survey. The first survey was conducted a few weeks after the outsourcing process was initiated, and 103 responses were obtained. The second survey was conducted 18 months later, resulting in only 48 responses. The results from this survey revealed that employees reported greater satisfaction with their job if these factors were present: career development opportunities; reward and training assessments; and organizational respect. Conversely, the survey found that a negative attitude from employees stemmed from new career development stress, because employees were unable to adapt to the new environment and technology. In addition to this, a few employees indicated that they were wary of the new monitoring system that allowed new employers to monitor them much more closely and tightly.

Logan et al (2004) examined the impact of the outsourcing process on employee attitudes and behaviour. The respondents involved with this research were truck drivers and supervisors who were working for an outsourcing provider. This research relied on both pre-event (i.e. pre-outsourcing) and post-event data collection. The pre-event data was collected through interviews. The post-event data collection method was a survey questionnaire, resulting in 500 responses. The result from this survey revealed that to achieve a successful outsourcing process, organizations should consider three main issues which can affect employee attitudes. Firstly, the organization should create a positive first impression by focusing on the quality and reputation of the provider. Secondly, the organization should pay attention to employee involvement and satisfaction about the decision. Results from the study showed that failure to meet employee demands impacted on employee self-esteem, and increased the risk of employee turnover.

Finally, communication between the organization's decision-makers and the employees is vital. In particular, the study revealed that the outsourcing issues, including the reason for outsourcing and the benefits to employees are key areas of communication. Other research has also examined the impact of outsourcing on employee behaviour, including employee psychological

involvement (Pearce, 1993). A mix of questionnaire and interview data was collected from participants at three divisions of a large aerospace company. The survey resulted in 223 responses, which were then combined with 25 interview responses. The results from this survey indicated that when outsourcing occurs, internal employees may feel less trust in the organization. This leads to reduced levels of employee performance and cooperation. Outsourcing providers may also find it difficult to adapt to the new social and organizational culture. This mismatch can end with conflict between internal employees and the external providers. Hence, the relationship between internal employees and external providers seems critical in ensuring the successful implementation of outsourcing decisions. Specifically, the research identified that communication regarding the outsourcing process; the choice of outsourcing partner or process and the relationship between this provider and internal employees; and the benefits that employees see as an outcome of the decision making process all play an important role in determining the success of the outsourcing decision.

CHAPTER THREE

RESEARCH METHODOLOGY.

3.1 Introduction

This chapter presents the methodology that was used to carry out the research .it presents the research design, the target population, sampling procedures, data collection procedures, instruments and data analysis.

3.2 Research Design

The research design used was descriptive survey of employees at Moi Teaching and Referral Hospital. This design was considered for this study because of comparative analysis that was done to achieve the research objective.

3.3 Target Population

The population of this study was the employees including the managerial staff in the various departments /sections within Moi Teaching and referral Hospital. The total number was 795.

3.4 Sample Size and Selection Procedures

The sample size was 80 respondents drawn from the various divisions within the Moi Teaching and Referral Hospital. Respondents were employees from the various departments representing 10% of the target population. Random sampling technique was used to select the sample size of each cadre.

Table 3.1: Sample Frame

	Population	Sample Size
Administrators	122	12
Heads of Departments	23	2
Sectional Heads	35	4
Supervisors	155	16
Others	560	46
Total	795	80

Source: Research Data (2013)

3.5 Data Collection

Primary data was used in this study; a structured questionnaire was used to collect data. The questionnaire contained both closed-ended questions and a few open ended questions. The questionnaire consisted of two sections .section one was designed to obtain general information on person .section two consisted of questions on the employee perception on the benefits of outsourcing. The questionnaire was administered through “drop and pick” method .respondents were employees in various departments /division at Moi Teaching and referral Hospital.

3.6 Data Analysis

Before analysis, the data was checked for completeness and consistency .descriptive statistics were used to analyze the questionnaire .data was summarized and presented in form of tables. The mean, standard Deviation, frequencies and percentages were used.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter analyses the data collected from the data collection tools, that is the questionnaire presented. It interprets the data in relation to the research objectives and questions. The findings or results are analyzed using different data analysis methods. The purpose of the analysis was to establish the employees' perceptions of the benefits of outsourcing Human Resource services. The raw data was coded, evaluated and tabulated to depict clearly the results of the problem encountered.

4.2 Demographic Characteristics

The respondents were asked to show their demographic characteristics as was presented in the questionnaire. The characteristics included, departments worked, designation, age of the respondent and gender. These were analyzed as follows.

4.2.1 Gender of the Respondents

The respondents were asked to indicate their gender; this was expected to guide the researcher on the conclusions regarding the congruence of responses to the gender characteristics.

Table 4.1: Gender of Respondents

	Frequency	Percent	Cumulative Percent
Male	43	53.8	53.8
Female	37	46.3	100.0
Total	80	100.0	

Source: Author 2013.

The results in table 4.1 show that the respondents were male at 53.8% whereas the female employees were at 46.3%. This is not a significant difference; both genders are well represented at the institution

4.2.2 Age of Respondents

According to the study, the following was the age distribution of the respondents. Age influences peoples or individual. Since age influences employees' perception on human resource outsourcing the findings indicate that apart from the respondents' rich experiences they could also appreciate the importance of the study.

Table 4.2:Age bracket

No of years	No	Percent
30 years and below	20	25.0
31-40	38	47.5
41-50	12	15.0
51-60	10	12.5
Total	80	100.0

Source: Author, 2013

Table 4.2 show that the age of most of the respondents was middle age levels between 31-40 years at 47.5%, followed by 30 years and below at 25%, between 41-50 years at 15%, and between 51-60 years at 12.5%. from the table it is clear that age influences perception, most of the respondents were between 31-40 years, this is the active employment age and are always willing to express their view. I therefore concluded that most of the respondents fell between 31-40 years and this was expected since it is the active age in human cycle of life.

4.2.3 Job level

The study was supposed to cover employees in sample size.

Table 4.3; Employees by the Job Levels

Job levels	No	Percentage
Administrator	6	7.5
Head department	8	10.0
Sectional head	14	17.5
Supervisor	24	30.0
Others	28	35.0
Total	80	100.0

Source: Author, 2013

Table 4.3 show the distribution of employees in various job levels. From the findings all cadre of employees were represented; therefore the results can be generalized to the entire organization.

4.3 The Employees Perceptions on the Benefits of Outsourcing.

The general objective of this study was to establish employee perceptions on the benefits of outsourcing. In this section, respondents were asked to indicate their perceptions to the benefits of outsourcing. The benefits analyzed include cost effectiveness, core competencies, strategic human resource, service delivery and efficiency. The employees were asked to rate their perception using a likert scale of 1-5 where 5 means Strongly Agree, 4 implies Agree, 3 implies Neither Agree nor Disagree, Disagree at 2 and 1 implies Strongly Disagree. For interpretation purposes a mean of <1 implies strongly disagree, while a mean of 1.5-2.4 implies Disagree. A mean of 2.5-3.5 implies neither agree nor Disagree, a mean of 3.5 -4.5 means Agree and finally a mean of > 4.5 means Strongly Agree.

The standard deviation on the other hand describes the distribution of responses in relation to mean. The standard deviation provides an indication of how far the individual responses to each factor vary from mean. A standard deviation of 1 indicates that the responses are further spread out; a standard deviation of more than 1 indicates that there is no consensus on the responses obtained.

4.3.1 Cost Effectiveness as a Benefit of Outsourcing.

The respondents were asked to rate the extent to which they perceived cost effectiveness as a benefit of outsourcing.

Table 4.4: Employees’ Perception on Cost Effectiveness as benefit of outsourcing.

	Mean	Std. Deviation
Outsourcing is a cost saving strategy	3.45	1.24
Outsourcing HR activities maintains a better quality service at a cheaper price	3.32	1.27
Outsourcing reduces overall administrative cost	3.94	.95
Outsourcing enables firms to access expert service at lower cost	3.63	1.26

Source: Author, 2013

The results were presented in table 4.4. As shown in the table above the respondents agreed that outsourcing reduces administrative cost with a mean score of 3.9. They also agreed that outsourcing of HR services enables Moi Teaching and Referral Hospital to access expert service at lower cost with a mean score of 3.6. In addition the employees agreed that outsourcing of human resource services is a cost saving strategy. However the respondents are not sure about the effect of outsourcing of Human Resource services to maintain a better quality service at a cheaper price with a moderate score of 3.3. The standard deviation on the other hand is greater than hence there was no consensus on that outsourcing of human resource function is cost effective.

In conclusion the employees of Moi Teaching and Referral Hospital agree that outsourcing of human resource services is cost effective in terms of reducing overall administrative costs, accessing expert services at lower cost and finally that it is a cost saving strategy. However outsourcing of the human resource activities is not agreeable to the employees of Moi Teaching and referral hospital as an activity that maintains a better service at a cheaper price.

4.3.2 Focus on Core Competencies as Benefit of Outsourcing

The respondents (employees) were required to rate various statements on scales ranging from 1 to 5 that described, Employee perception on the Focus on Core competencies as benefit for outsourcing Human Resource functions.

Table 4.5; Focus on Core Competencies as Benefit of Outsourcing

	Mean	Std. Deviation
Outsourcing allows organizations to focus on core competencies	3.53	1.23
Outsourcing enables organizations to invest on core competencies	3.69	.98
Outsourcing of HR activities reduces the workload of existing HR staff hence allowing the organization to focus on strategic decision making	3.78	1.02
Outsourcing of HR services enables an organization to develop core competencies	3.58	1.04
HR activities are becoming more complex hence it is prudent for the organization	3.79	1.12
Productivity is increased	3.98	.93

Source: Author, 2013

The results are presented in table 4.5 above. As shown in the table above the respondents agreed that productivity is increased with a mean score of 3.9. The respondents also agreed that outsourcing of human resource services reduces the workload of existing Human Resource Staff hence enabling the organization to focus on strategic decision making with a mean score of 3.78. Further they agreed that Human Resource functions are becoming complex hence it is prudent for the organization with a mean score of 3.72. In addition they agreed with the statement that outsourcing enables organization to invest on core competencies with a mean score of 3.69 and that that it enables an organization to develop core competencies with a mean of 3.59, disagree that it allows organizations to focus on core competencies with a mean score of 3.53. The standard deviation is largely greater than hence there was no consensus on focus on Core Competencies as a benefit of outsourcing human resource functions.

In conclusion the employees of MTRH agreed that outsourcing of Human resource services is beneficial to the organization in that productivity is increased , that outsourcing reduces the workload of existing Human Resource Staff hence enabling the organization to focus on strategic decision making and that Human Resource functions are becoming complex hence it is prudent for the organization . Further the employees are agreeable with the statement that outsourcing enables organization to invest on core competencies, that it also enables an organization to develop core competencies and finally that it allows organizations to focus on core competencies.

4.3.3 Strategic Human Resource as Benefit of Outsourcing

The respondents (employees) were required to rate various statements on scales ranging from 1 to 5 that described , Employee perception on the Strategic Human Resource as benefit for outsourcing Human Resource functions.

Table 4.6: Strategic Human Resource as Benefit of Outsourcing

	Mean	Std. Deviation
It aligns HR activities with organizational goals and strategy	3.80	1.05
Outsourcing HR activities encourages the HR function to be more strategic by spending less time on meeting cost objectives and addressing developmental goals in terms of specific HR knowledge	3.81	.85
Outsourcing leads to strategic planning	3.82	.98

Source: Author, 2013

The results are presented in table 4.6 above. as indicated in the table the respondents agree that outsourcing of human resource services leads to strategic planning with a mean score of 3.83, they also agree that outsourcing encourages the human resource function to be more strategic by spending less time on meeting cost objectives and addressing developmental goal with a mean score of 3.82 and finally the respondents agree that outsourcing of human resource services aligns human resource activities with organizational goals and strategy with a mean score of 3.81. On the standard deviation results, majorities are less than one hence there was consensus generally that Strategic Human Resource is a benefit of outsourcing human resource functions.

In conclusion the employees of MTRH agree that outsourcing of human resource services leads to strategic planning , that outsourcing encourages the human resource function to be more strategic by spending less time on meeting cost objectives and addressing developmental goal .Finally they agree that human resource functions aligns human resource activities with organizational goals and strategy .it's imperative therefore that employees of MTRH feel that strategic Human Resource is a benefit of outsourcing.

4.3.4. Service Delivery as Benefit of Outsourcing

The respondents (employees) were required to rate various statements on scales ranging from 1 to 5 that described Employee perception on Service Delivery as benefit for outsourcing Human Resource functions.

Table 4.7: Service Delivery as Benefit of Outsourcing

	Mean	Std. Deviation
Outsourcing encourages the measurement of value of human resource	3.50	1.07
Outsourcing enables flexibility in that supply can be readily turned on and off	4.10	4.78
Outsourcing offers improved method of capacity management of services	3.84	.96
Outsourcing guarantees efficiency in service provision	3.70	1.01
Outsourcing improves quality service and reliability in delivery	3.92	.87

Source: Author, 2013

The results were presented in table 4.7 above. As shown in the tables above the respondents do agree that outsourcing of human resource services enables flexibility in that supply can be readily turned on and off with a mean score of 4.11, they also agree that Outsourcing of the human resource services improves quality service and reliability in delivery with a mean score of 3.92. In addition the respondents agreed that Outsourcing of human resource services at MTRH offers improved method of capacity management of services with a mean score of 3.84 and also that outsourcing guarantees efficiency in service provision with a mean score of 3.70. The respondents further were agreeable to the effect that Outsourcing encourages the measurement of value of human resource with a mean score of 3.51. The results on standard deviation majority of which were greater than 1 indicate that there was no consensus on service delivery as a benefit of

Outsourcing Human Resource Functions.

In conclusion the employees of MTRH agree that outsourcing enables flexibility in that supply can be readily turned on and off, Outsourcing improves quality service and reliability in delivery, that Outsourcing offers improved method of capacity management of services .They also agreed that outsourcing guarantees efficiency in service provision and that Outsourcing encourages the measurement of value of human resource.

4.3.5. Efficiency as Benefit of Outsourcing

The respondents (employees) were required to rate various statements on scales ranging from 1 to 5 that described employee perception of Efficiency as benefit for outsourcing Human Resource functions.

Table 4.8: Efficiency as Benefit of Outsourcing Efficiency

	Mean	Std. Deviation
Outsourcing leads to efficient handling of employment matters	3.57	.97
Outsourcing helps in efficient handling of compensation and benefits	3.27	1.01
Outsourcing benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation	3.74	.89
Outsourcing improves overall efficiency	3.70	1.04
Outsourcing ensures sufficient flexibility	3.94	.93

Source: Author, 2013

The results in table 4.8 above show that the respondents agree that outsourcing ensures sufficient flexibility with mean score of 3.94. They also agree that outsourcing benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation with a mean score of 3.74, further the respondents do agree that Outsourcing of human resource services improves overall efficiency with a mean score of 3.71.

In addition they agree that outsourcing leads to efficient handling of employment matters with a mean score of 3.57. However the respondents were not sure as to whether outsourcing of human resource services helps in efficient handling of compensation and benefits with mean score of 3.28. From the results on standard deviation, majority are greater than 1 hence there was consensus that efficiency is a benefit of outsourcing Human Resource Function.

In conclusion the employees of MTRH agree that outsourcing of human resource services ensures sufficient flexibility. They also agree that it benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation and that Outsourcing of human resource services improves overall efficiency. In addition they agree that outsourcing leads to efficient handling of employment matters. However the employees of MTRH do not agree that outsourcing helps in efficient handling of compensation and benefits.

4.4 Discussions

This study confirms what other researchers have established that employees perceive outsourcing of Human Resource Functions as a benefit to organizations. The employees of Moi Teaching and Referral Hospital agree that outsourcing of human resource services is cost effective in terms of reducing overall administrative costs, accessing expert services at lower cost and finally that it is a cost saving strategy. Outsourcing is seen as a cost saving strategy (Stroh & Treehuboff 2003), with organizations outsourcing their non-core competencies whilst still maintaining customer service, and thereby gaining a competitive advantage (Thompson et al 2005). Jeffay et al (1997) suggested that outsourcing human resource activities can maintain a better-quality human resource service at a cheaper price. The cost of outsourcing human resources activities can amount to less than the cost to recruit, interview, hire and train human resources staff members to perform the same functions.

In addition employees of MTRH agreed that outsourcing of Human resource services is beneficial to the organization in that productivity is increased, that outsourcing reduces the workload of existing Human Resource Staff hence enabling the organization to focus on strategic decision making and that Human Resource functions are becoming complex hence it is prudent

for the organization and that outsourcing enables organization to invest on core competencies, that it also enables an organization to develop core competencies and finally that it allows organizations to focus on core competencies. These has also been established by other researchers, for instance, (Cooper, 2007; Potkány, 2008) stated that Many organizations make a decision to outsource some organizational activities because they want to focus on their core competencies, and see low value in developing in-house activities outside of this core. Hansen, (2009) found that outsourcing human resource activities can reduce the work load of existing human resource staff, thereby allowing the organization to primarily focus on strategic decision making and developing core competencies. Cook (1999) supports the view that outsourcing human resource activities can allow managers to pay attention to their core business rather than spend valuable time on human resource activities that are becoming increasingly more complex and advanced.

This study further established that Outsourcing of human resource services leads to strategic planning , that outsourcing encourages the human resource function to be more strategic by spending less time on meeting cost objectives and addressing developmental goal and that that human resource functions aligns human resource activities with organizational goals and strategy. (Gubbins et al 2006; Wirtz et al 2008) found that Organizations increasingly acknowledge the strategic importance of the human resource function. As human resource management perspectives change from operational and administrative, to strategic, human resource becomes more aligned with organizational goals and strategy. In (Beardwell & Claydon, 2007) it was suggested that by specifically isolating the human resource management function, organizations can gain an edge over competitors For instance, in a study by Gilley et al (2004) outsourcing the human resource function had an impact on organizational performance.

This study also established that outsourcing enables flexibility in that supply can be readily turned on and off; Outsourcing improves quality service and reliability in delivery, that Outsourcing offers improved method of capacity management of services that outsourcing guarantees efficiency in service provision. This was also confirmed by other authors; (Quinn

1992) wrote that Outsourcing enables flexibility in that supply can be readily turned on and off. (Jarilo 1998) in his work stated that Human Resource services outsourcing guarantees efficiency in service provision. Finally this study established that outsourcing of human resource services ensures sufficient flexibility that it benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation and that Outsourcing of human resource services improves overall efficiency. In addition that outsourcing leads to efficient handling of employment matters. In (Heywood, 2001). He stated that Outsourcing of human resources department can also help the employees because they specialize in human resources, since these outsourcing companies often know how to get employees with the best human resource services around, including health benefits and great retirement plans. (Maidment, 2003) They may also be able to provide rewards programs to your company for much less than you might otherwise pay and also that if you or your employees have need of any kind of human resource support in issues like worker's compensation, these companies have years of expertise that is available to you. The finding in this study confirms what is in the literature review.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter contains a summary of the research, gives conclusions on the findings of the research and makes recommendation on areas where the management should get involved in to design programmes that would incorporate and facilitate easy outsourcing hence enabling the existing employees to appreciate the need and the importance of outsourcing.

5.2 Summary of the Findings

This research project was a descriptive survey on the Employees perceptions on the benefits of outsourcing Human Resource at the Moi teaching and referral hospital. From the results both genders were represented well in the institution with male respondents. It was also noted from the results that the age of most of the respondents was between 31 and 40years and this was expected since it is the active age in human cycle of life. Therefore apart from their rich experiences they could also appreciate the importance of the study. All cadre and departments were well represented, thus the data can be relied upon for generalization to the whole population. Respondents rated the extent, to which they perceived the benefits of outsourcing of human resource services .from the findings, The respondent's responses indicate that they view outsourcing of human resource services as being cost effective in terms of reducing overall administrative costs, accessing expert services at lower cost and that it is a cost saving strategy

The respondents further agreed that outsourcing of human resource services leads to strategic planning , that outsourcing encourages the human resource function to be more strategic by spending less time on meeting cost objectives and addressing developmental goal .the respondents also stated that human resource functions aligns human resource activities with organizational goals and strategy .In addition the respondents were of the opinion that outsourcing enables flexibility in that supply can be readily turned on and off, Outsourcing improves quality service and reliability in delivery, that Outsourcing offers improved method of

capacity management of services .They also agreed that outsourcing guarantees efficiency in service provision and that Outsourcing encourages the measurement of value of human resource .The employees of MTRH agree that outsourcing of human resource services ensures sufficient flexibility. They also agree that it benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation and that Outsourcing of human resource services improves overall efficiency. In addition they agree that outsourcing leads to efficient handling of employment matters. However the respondents are not sure whether outsourcing of the human resource activities at Moi Teaching and referral hospital as an activity maintains a better service at a cheaper price and that outsourcing helps in efficient handling of compensation and benefits.

5.3 Conclusion

The respondents being employees of MTRH and majority of them having been in the Organization for a considerably longer period confirms that they were knowledgeable with the organizations operations and such gave responses relevant to the study. The results show that the study was able to collect responses from all the cadre of employees. Age of the most of the respondents was in middle range and since age influences people's abilities to make decisions it can be concluded that most employees had rich experience that enabled them appreciate the study.

It can also be concluded that outsourcing of human resource services is welcomed by the employees. The employees have positive attitude towards outsourcing of human resource services. The positive results demonstrate that the employees of MTRH are open minded and they are well informed and conversant with the emerging strategic practices that are being adopted by various organizations to yield better results at minimal costs. This can be attributed to the best practices at MTRH where employees are engaged in decision making processes. It can also be concluded that as much as employees' appreciate the benefits of outsourcing to MTRH. They equally have personal fears. For instance, the employees' security of tenure and also the efficiency in handling of their compensation and benefits. Further negative attitude from employees stem from new career development stress, because employees are unable to adapt to

the new environment and technology. In addition, employees are wary of the new monitoring systems that allow employers to monitor them much more closely and tightly.

5.4 Recommendations

This study will benefit MTRH because the management will be able to appreciate the employees' perceptions on the benefits of outsourcing of human resource functions. Employees form part and parcel of an organization and they are crucial in the decision making process. Failure to indulge the employees drastically affects their perception hence the employees may refuse to cooperate with those who have been outsourced hence affecting performance leading to low output, poor results and poor rendering of services hence dissatisfaction to the consumers. In the study, it is noted that Employees do appreciate the need to outsource human resource functions but with reservation. We can see in the results that the respondents did just 'agree' to almost all the statement. The reservations are linked to the security of tenure of employment. This is an issue that needs to be addressed before encompassing outsourcing of the human resource function. Thus the management of MTRH needs to formulate policies that clearly protect the interests of its employees and also outline specific areas to be outsourced and the extent of services to be rendered by the outsourced firms.

To achieve a successful outsourcing process, the MTRH should create a positive impression by focusing on the quality and reputation of the provider. The organization should pay attention to employee involvement and satisfaction about the decision. Failure to meet employee demands impacts on employee self-esteem and increases the risk of employee turnover. Communication between the organization's decision makers and the employees is vital. Outsourcing issues, including the reason for outsourcing and benefits to employees are key areas of communication. When outsourcing occurs internal employees may feel less trust in the organization. This leads to reduced levels of employee performance and cooperation. Outsourcing providers may also find it difficult to adapt to the new social and organizational culture. This mismatch can end with conflict between internal employees and external providers. Hence, the relationship between internal employees and external providers seems critical in ensuring the successful implementation of outsourcing decisions. Thus there is a need for communication regarding the

outsourcing process, the choice of outsourcing partner or process and the relationship the provider and internal employees ;and the benefits that employees see as an outcome of the decision making process ,play an important role in determining the success of the outsourcing decision.

5.5. Recommendations for Further Research

The success of an organization depends on its people in this case being the employees and therefore understanding their perceptions may greatly help in getting to appreciate the importance of the people to an organization .The data for this study was collected from a mixed group of employees including the heads of various departments. Thus the findings herein may not generalize to other institutions; research in other institutions might yield different results. In this regard replicating this study in different settings would be worthwhile hence further research should be done in other sectors of the Kenyan economy, both public and private sectors. It is also important to study the best ways employees can be made to wholly appreciate and accommodate outsourcing since its apparent that outsourcing generally benefits organizations and therefore it's here to stay.

5.6 Limitation of the Study

Some of the respondents were not conversant with the subject matter of the research or they did not understand the questions and hence during introduction they shied away from filling the questionnaire.

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Appendix 1. Letter of Introduction

Dear sir/madam,

RE: REQUEST FOR RESEARCH PROPOSAL DATA

I am a student undertaking a degree in master of business administration (MBA) at the University of Nairobi. I'm carrying out a research project proposal in partial fulfillment of the degree requirements.

Research proposal topic; Employee Perception of the Benefits of Outsourcing Human resource at the Moi Teaching and Referral Hospital.

I kindly request you to fill the attached questionnaire. The information you will provide will be treated with utmost confidentiality and will be used purely for academic purposes.

I will pick the questionnaire from your office after you have completed filling it.

Thank you for cooperation.

Yours faithfully,

Renee Kitagwa.

Appendix 2. Questionnaire

The information provided here will be used solely for academic purposes and will be treated with maximum confidentiality.

INSTRUCTIONS:

1. Please answer all questions in order
2. The accuracy of your description depends on your being straight forward in answering this questionnaire.
3. You will not be identified by your answer.

PART 1: DEMOGRAPHIC INFORMATION

1. Name of the respondent (optional

2. Gender

3. Age group

30 years and below []

31-40 years []

41-50 years []

51-60 years []

61 years and above []

4. Job Level

Administrator []

Head of Department []

Sectional Head []

Supervisor []

Others.....

Section 2: Employee perceptions of the benefits of outsourcing human resource Services/ operations

5. Indicate the extent to which you agree with each of the following statements about the benefits of outsourcing of human resource services.

- Key:** Strongly Agree [5]
Agree [4]
Neither Agree nor Disagree [3]
Disagree [2]
Strongly Disagree [1]

	1	2	3	4	5
1. Cost Effectiveness					
a. Outsourcing is a cost saving Strategy					
b. Outsourcing human resource activities maintains a better quality Service at a cheaper price					
c. Outsourcing reduces overall administrative costs.					
d. Outsourcing enables firms to access expert service at lower cost					
2. Focus on Core Competencies					
a. Outsourcing allows organizations to focus on core competencies.					
b. Outsourcing enables organizations to invest on core competencies					
c. Outsourcing of human resource activities reduces the workload of existing human resource Staff hence allowing the organization to focus on strategic decision making					
d. Outsourcing of human resource services enables an organization to develop core competencies.					
e. Human resource activities are becoming more complex hence it is prudent for the organization to outsource.					
f. Productivity is increased.					

3. Strategic Human resource					
a. It aligns human resource activities with organizational goals and strategy.					
b. Outsourcing human resource activities with encourages the human resource function to be more strategic by spending less time on meeting cost objectives and addressing developmental goals in terms of specific human resource knowledge					
c. Outsourcing leads to strategic planning					
4. Service Delivery					
a. Outsourcing encourages the measurement of value of Human resource					
b. Outsourcing enables flexibility in that supply can be readily turned on and off.					
c. Outsourcing offers improved method of capacity management of services.					
d. Outsourcing guarantees efficiency in service provision					
e. Outsourcing improves quality service and reliability in delivery.					

5.Efficiency					
a. Outsourcing leads efficient handling of employment matters.					
b. Outsourcing helps in efficient handling of compensation and benefits					
c. Outsourcing benefits administration in provision of extensive knowledge of laws and regulation pertaining to employment and taxation					
d. Outsourcing improves overall efficiency.					
e. Outsourcing ensures sufficient flexibility					

Thank you for your cooperation.