

**DETERMINANTS OF OUTSOURCING DECISIONS IN COUNTY
GOVERNMENTS IN KENYA**

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DECLARATION

This proposal is my original work and has not been presented for a degree in any other university.

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DEDICATION

I dedicate this project to my parents the late Mr and Mrs A. M. Mutisya whose efforts, encouragements and sacrifices have seen me reach this level. To my daughter Amy who i hope will surpass this level and finally to my supervisor whose guidance has proved invaluable throughout the project.

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ABSTRACT

The purpose of this research was to examine the determinants of outsourcing decisions in county governments in Kenya. The study was guided by two specific objectives these are to establish the status of outsourcing practices in county governments in Kenya and to establish the determinants of outsourcing decisions in the county governments in Kenya. A descriptive survey of all county government was carried out. The study used census study design to collect data in all the 47 County governments. Primary data was collected through the use of questionnaire administered by the researcher to chief procurement officers. The analysis was done using descriptive analysis. Results were presented in tables and charts. The study findings indicate that all the 47 counties in Kenya do outsource various activities ranging from IT services to garbage collection services and infrastructure development. The study found out that saving on cost and unavailability of internal resources are strong determinants of outsourcing based on the response rate of 64%. Outsourcing also helped counties concentrate on their core activities as per 65% approval of the respondents. The study recommends that county governments should only opt to outsource services when the cost of outsourcing is lower than the cost of providing that service in house. County governments also have the opportunity of delivering better services through outsourcing firms with better resources like skilled workforce and equipment.

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LIST OF ABBREVEATIONS AND ACRONYMS

GOK	Government of Kenya
BPO	Business Process Outsourcing
PPOA	Public procurement oversight authority
PPCRAB	Public Procurement Complaints, Review and Appeals Board
CRA	Commission for Revenue Allocation Kenya
NCWSC	Nairobi City Water and Sewerage Company
FPE	Free Primary Education
RBV	Resource based view
TCE	Transaction Cost Economics

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Barthélemy (2001) defined outsourcing as the decision to outsource activities previously made in-house by recurring to medium-long term agreements, also including the transfer of activities and personnel to third parties. Research indicates that the sheer size of spending on outsourcing and active involvement of top management executives make outsourcing decisions more strategic in an organization today than ever (Willcocks,2010). Since the 1980s there has been a trend of outsourcing among organizations across various industries starting with basic information systems (IS) outsourcing to advanced strategic and transformational outsourcing, which involves outsourcing of core and strategic business functions (Schniederjans, 2007).

As Grossman and Helpman (2002) observed two conceptual frameworks largely account for outsourcing decisions. The first is the Transaction Cost theory by Coase (1937) which has dominated literature on outsourcing decision such as Williamson (1975 and 1986). This theory states that outsourcing pertains to the prohibitive costs of turning to the market, which in turn induce firms to carry out production activities in-house instead of disintegrating production. The other theory is the Resource based theory (RBV) which owes its origin to economist Penrose (1959). This theory concentrates with the core competences approach to outsourcing decisions, where firm competitiveness arises from out sourcing (Gainey&Klaas, 2003). This theoretical explanation points out that improved productivity performance in a firm can be attained through specialisation in production activities that provide core competences and contracting out the rest. The productivity enhancement stems from the extent to which outsourcing enables firms to procure what they do not know how to do and at the same time develop in-house what they do better than the suppliers do.

In County Governments of Kenya, there have been several high-profile success and failures with the outsourcing county functions. Outsourcing is popular because it can reduce costs, inject new investment without the public sector organization having to

invest up-front, introduce new ways of working and innovation, and sometimes improve quality. It also means that public sector organizations carry fewer staff on their books and there is greater flexibility due to not having to decide what to do with staff if their function changes or disappears. Figgis and Griffith (1998) however observed that Government decision-making process be prone to 'capture' by those with a stake in the decisions, such as bureaucrats and interest groups. The behaviors they stated lead to excessive growth of the state and distorted allocation of resources. In order to curb out these groups and also promote efficiency competitive bidding through the tendering process is carried out to attract a commercially-motivated operator who will have a financial incentive to minimize the costs of the operation .This competitive discipline is absent in the public sector

1.1.1 The Concept of Outsourcing

Outsourcing refers to the situation where a client organization contracts with another external supply organization for the provision of peripheral business functions that could equally be provided by a person, unit or department within the organization that requires the function. There may be several of these contractual agreements operating in parallel for a range of functions from a diversity of external supply organizations. The responsibility for the supervising and controlling of these functions usually remains with the client organization (Barrett & Baldry, 2003).

In the last two decades, businesses have been reviewing and restructuring their operations in response to a changing world economy. Many firms have responded to these pressures by concentrating on their core functions and 'farming out' their ancillary activities to external service providers (Honor and Gareth, 1998). The ranges of government activities, which have been contracted out in Western countries, include building and equipment maintenance, cleaning, catering, prison management. Information technology, telecommunications, waste management, mail services, printing, training, legal services, security, library services, property management, policy advice, payroll and accounting services, economic forecasting, determining or administering welfare entitlements,

auditing, recruitment, collecting revenue, health care, home and community care, and transport (Domberger and Hall, 1996).

In the 1970s and 1980s, many governments began to re-evaluate their role, and to examine which activities governments should be engaging in, and how they should be carried out.(Domberger and Hall, 1996).Faced with growing demand for government services in a time of economic uncertainty, governments began to look for ways to increase efficiency. Practices from the private sector, such as outsourcing, were introduced on a substantial scale into the public sector. United Kingdom, United States and New Zealand were in the forefront of these reforms (Honor and Gareth, 1998). Outsourcing properly planned, resourced and managed can deliver significant competitive advantage to companies and organizations in all sectors. But only when the CEO plays a key role – taking crucial strategic decisions, creating vital capabilities, putting in place integrated management processes and applying effective monitoring and evaluating mechanisms. This has to be done in view of factors that determine the perception of risks and benefits of outsourcing (Willcocks, 2010).

Outsourcing is not new; private and public sector bodies have always purchased some outside goods and services. What marks the recent developments as a change from past practices is the comprehensive application of competitive tendering and contracting to a very wide range of government activities: the ‘emphasis on wholesale contracting as management philosophy’ (Hodge,1997). Government enthusiasm for contracting out has largely been a result of the influence of economic theory on public sector management. While the immediate impetus for the reforms was budgetary pressure and the need to reduce government spending, there was also a strong theoretical drive to model government more along the lines of the private businesses. The general move to a more entrepreneurial focus for government indicates that like all rational individuals, government officials are self-interested and seek to maximize their personal income and influence (Alford and Neill, 1994). Officials will therefore strive to gain as large a budget and as many staff as possible, regardless of the actual needs of efficient administration. Government decision making is said to be prone to ‘capture’ by those with a stake in the

decisions, such as bureaucrats and interest groups. These behaviors lead to excessive growth of the state and distorted allocation of resources (Honor and Gareth, 1998)

1.1.2 County Governments of Kenya

County Governments of Kenya were established in 47 Counties (based on the 1992 Districts of Kenya), after the scheduled general elections in March 2013. The Counties' names are set out in the First Schedule of the Constitution of Kenya (GOK, 2010). The structure of County Government largely mirrors that of the National Government. The County Governments consists of a County Assembly and a County Executive. The County Executive consists of the Governor, Deputy Governor, and a maximum 10-member County Executive Committee that is appointed by the Governor and approved by the County Assembly (The County Governments Act, 2012). In order to ensure that a system of checks and balances is imbedded in the emerging architecture, the County Public Service that is established operates under the County Executive with the County Assembly exercising oversight roles. The Constitution requires the County Government to decentralize its functions and provision of its services to the extent that is efficient and practical to do so.

The Kenyan government strategic plan vision 2030 steered by the ministry of devolution and planning has singled out a Business Process Outsourcing (BPO) as one of the six pillars to drive the country to a medium developed economy (Vision 2030 GOK, 2007). In the short run, the government aims at achieving a top three position as a Business Process Outsourcing destination in Africa. The process of outsourcing in public entities of Kenya county governments being one of them is guided by the public procurement act 2005 and also it's anchored in the new constitution 2010 under article 227 with public procurement oversight authority (PPOA) and Public Procurement Complaints, Review and Appeals Board (PPCRAB) as monitory and oversight bodies.

According to Commission for Revenue Allocation Kenya (CRA) fiscal report (CRA, 2014), county governments account for 34% of the total budget for shareable revenue allocation which translates to an amount of Kshs 231 billion. Given this kind of budget

there are many opportunities for county government to provide better services for their citizens in the fields of water and sanitation, health, infrastructure, education, financial services etc. Most county governments are faced with capacity constraints in terms of human resource and finances to enable them provide effective services. This situation however presents them with opportunities to outsource some of these services in order to improve service delivery. Some county governments do have existing outsourcing agreements with private firms. The County government of Narok has outsourced its revenue collection in Mara game reserve to Equity bank (Narok, 2014). Other examples include garbage collection to private companies in both Nairobi and Mombasa counties, ICT services to Nairobi City Water and Sewerage Company (NCWSC) and auditing services by professional auditing firms like ICPAK to different counties. Towards this end very, little research has been done to establish what determinants county managers consider when making decision towards what activities to in-source or out-source

1.2 Statement of the Problem

In their research Brown and Wilson (2005) found out that the factors that influence the decision on outsourcing fall in the following categories cost, service improvement, access world class services they might not get within and lack of resources. Outsourcing contracts in public entities are compelled to undergo a competitive process, which ideally expected to be transparent and fair as governed by the procurement act. This process also should aim at achieving the one or more of these objectives.

There has been reported success and challenges' in regards to outsourcing experiences in the county governments. Report by CRA (2014) raised issues concerning priorities considered by county governments on allocations to projects leading to misuse of public funds. The concerns being that big amounts of the county revenues are wasted on non-core administrative activities thereby reducing the amount that is to be used on essential services. Mars Group, (2011) observed that the External interferences to procurement services have given rise to recent scandals such as the Anglo-Leasing security contracts, maize importation, Free Primary Education (FPE) funds, sale of Grand Regency Hotel to Libyan investors without following the due process of law. Triton Oil importation fraud,

sale of Kenya's Embassy in Japan and many other scandals, which relate to corruption in public procurement, is a worrying Research Problem. Case in point is the County government of Nairobi where millions of shillings were reported lost through a scandal that involved doubling of prices by its suppliers, Standard Newspaper commentary (Sunday 27th Oct, 2013). Therefore, it is sensible to outsource these activities, which cannot be competently handle by the county government, hence the need to find out the determinants of outsourcing decisions within county governments.

A great deal of literature has been devoted to studying this phenomenon of outsourcing and its various aspects. The literature, though it has addressed a wide array of aspects of outsourcing such as technical, motivational, cultural, organizational, strategic, operational, and performance related to primarily focused on understanding outsourcing phenomenon from a developed countries' perspective. The literature does not address determinants of outsourcing decisions from a developing country perspective more so from a public management point of view. This view is also supported in the research of Ravi and Ramachandran (2011) where they observed that advanced industrialized economies such as the USA, Japan and Western Europe are the principal candidates for the origin of outsourcing transactions. Locally Chanzu (2002) concluded that outsourcing is most prevalent in departments like human resource, finance, and information technology. Nyaboke et al (2013) concluded that in order for public sector entities to realize a competitive advantage from outsourcing they require a strategic orientation. This they observed can be done through strategic analysis, rigorous vendor selection, contract negotiation, and proper contract management. The existing literature so far has addressed outsourcing from a private entity point of view. Given the fact that county governments are still a new phenomenon in Kenya there is very limited research towards outsourcing in county governments and specifically determinants of outsourcing decisions from a public entity point of view.

It is with this background the research attempted to bridge the gap and to add to the body of knowledge by answering the following question, what are the determinants of outsourcing decisions in County Governments of Kenya?

1.3 Research Objectives

The study was guided by the following objectives;

- i. To establish the status of outsourcing practices in County Governments of Kenya
- ii. To establish the determinants of outsourcing decisions in the County Governments of Kenya

1.4 Value of the Study

This study added on to the growing body knowledge of strategy and public management as far as determinants of outsourcing decisions are concerned by providing the issues, factors, and challenges of determinants of outsourcing in county Government of Kenya.

This study also important to the administration of County governments, the central government of Kenya in general as the issues addressed in this study, and the findings from the study will provide important insights that can be applied in future public sector outsourcing that the counties engage in. The study is important to researchers, academicians, and students of management as it will provide a reference point to scholars. Therefore, further research can be carried out based on the recommendations that will be provided by the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers the literature review. First, a theoretical review is provided focusing on selected theories that explain outsourcing. These theories are resource-based view (RBV) and Transaction Cost Economics (TCE). Present also is a summary of empirical findings from authors from different parts of the world as well as a summary of the researched literature in theories of outsourcing.

2.2 Theoretical Review

Throughout the literature, there is a lot of reference to theories that have been adopted in the outsourcing literature. The two major categories are strategic and economic (Lee and Kim, 1999). Strategic theories focus on how firms develop and implement strategies to achieve a chosen performance goal. Reference theories of this type include Game Theory, Resource-Based View, Resource Dependency Theory, and Strategic Management Theories. Economic theories on the other hand focus on the coordination and governance of economic agents regarding their transactions with each other. Agency Theory and Transaction Cost Economics are this type of reference theories. As Grossman and Helpman (2002) observed two conceptual frameworks largely account for outsourcing decisions. These are resource base view (RBV) and Transaction Cost Economics (TCE). For the purposes of this study, the researcher will limit themselves to these two theories.

2.2.1 Resource Based Theory (RBV)

Resource based theory (RBV) owes its origin to economist Penrose (1959) who stated that rather than emphasize market structures, he highlighted on firm heterogeneity and proposed that the unique assets and capabilities of firms were important factors giving rise to imperfect competition and the attainment of super-normal profits. This theory defines resources as tangible and intangible assets that are tied semi-permanently to a firm (Wernerfelt, 1984). He further argued that resources should be seen as “anything which could be thought of as a strength or weakness of a given firm.” Others, especially Barney (1999), have articulated this view by shifting the emphasis from organizational

theory to the organization's goal of reducing the uncertainty and the dependency on other organizations for its survival

Firms desire core competencies, which are unique to the organization and therefore support the pursuit of competitive advantage. RBV conceptualizes firms as resource bundles that are not only heterogeneous when compared to other firms, but that persist over time therefore making sustained competitive advantage possible (Eisenhardt and Martin, 2000). "What a firm wants to do is to create a situation where its own resource position directly or indirectly makes it more difficult for others to catch up" (Wernerfelt, 1984). In doing so, scholars suggest that the firm can develop a bundle of resources, which is valuable, rare, inimitable, and non-substitutable, known as VRIN, that can enable achievement of sustained competitive advantage (Eisenhardt & Martin, 2000). These VRIN resources are particularly useful when they complement each other in such a way to form core competencies.

Core competencies are critical capacities of the firm in delivering value to customers, which result from harmonizing resources, such as streams of technology, work structures, and value delivery (Prahalad and Hamel, 1990). Eisenhardt and Martin (2000) suggest that when VRIN resources and their related activity systems have complementarities, the likelihood of sustained competitive advantage is improved. Core competencies are very important in making outsourcing decisions. As such, scholars have discussed their characteristics in general as well as in the context of outsourcing. Today, many embrace the notion that core competencies are retained in-house, while other capabilities are purchased. Dobrzykowski and Tarafdar (2008) suggest that business processes characterized as a core competence of the firm are likely to be performed internally and those characterized as a noncore competence of the firm are likely to be outsourced.

Although RBV has received numerous supports its contribution as base theories for strategic outsourcing it has also gotten its share of critics. Laursen and Mahnke (2001) notes that strategic capabilities and resources are often hard to identify in practice and often remain limited to current activities of a firm. They add that the resource-based view

helps little to understand switching costs related to vertical disintegration fails to relate outsourcing to competitive dynamics and downplays long-term consequences on dynamic capabilities. Priem and Butler (2001) denote the ignorance of the characteristics of demand as the main failing. Fahy and Smithee (1999) add that the theory's static view on competition will likely lead to difficulties (combined with a lack of empirical validation). This raises doubts to the effective application of the resource-based view for outsourcing, certainly for operational control.

2.2.2 Transaction Cost Economic

The Transaction Cost Economic (TCE) approach developed out of the institutional economics of Commons and the analysis of administrative behaviour by the Carnegie school (Winch, 1989). This approach emerges from the economist Coase's seminal work, in which he advances his theory of the existence of firms and argued that, in the absence of transaction costs, there is no economic basis for the existence of the firm (Coase, 1937). TCE recognises that there are costs of using the pricing system and those costs give rise to various forms of economic organisations (Coase, 1988). It represents a major attempt to combine economic and sociological perspectives on industrial organisation (Winch, 1989). This analysis supersedes neoclassical economic analysis, which assumes that economic activities can be coordinated costless by a system of prices. Neoclassical theory is 'simply a rhetorical device adopted to facilitate discussion of the price system' (Demsetz, 1991) and tells nothing about the organisational structure (Hart, 1990).

Transaction costs are the costs of running the economic system (Arrow, 1969). Such costs are the economic equivalent of friction in physical systems and one distinguished from production costs (Williamson, 1985). TCE poses the problem of economic organisation as a problem of contracting and assumes that (1) human agents are subject to bounded rationality, where behaviour is 'intended rational but only limitedly so' (Simon, 1961), and (2) is given to opportunism, which is a condition of 'self-interest seeking with guile' (Williamson, 1985).

The essential insight of TCE is that in order to economise on the total cost of a good or service, both production costs and transaction costs must be taken into account (Winch, 2006). A production technique that has the lowest production costs might not be the economising choice if transaction costs are also taken into account (Winch, 2001). While a traditional economic analysis can identify the most efficient choice of production technique, it cannot explain the most effective use of that production technique (Winch, 2006). It is noteworthy that transaction costs are always assessed in a comparative institutional way (Williamson, 1996). Empirical research on transaction cost issues remains whether organisational relations align with the attributes of transactions as predicted by transaction cost reasoning or not (Williamson, 1985).

Risk allocation in outsourced contracts are suitable to be viewed from a TCE perspective because any issue that can be formulated as a contracting problem can be investigated to advantage in transaction cost economising terms (Williamson, 1985). The suitability also arises from many features of outsourcing, which include incomplete contracting, long-term partnership, investment into assets, complex uncertainty, etc. (Jin and Doloi, 2008). In this paper, it is submitted that, concisely, choosing a strategy for allocating a given risk could actually be viewed as the process of deciding the proportion of risk management responsibility between internal and external organisations based on a series of characteristics of the risk management service (RMS) transaction in question.

The physical and human asset specificities are the major characteristics of an RMS transaction in an outsourced contract because they bear the most relevant and influential ramification. Whilst the problems of physical asset specificity arise post-contract through 'fundamental transformation' (Williamson, 1985) and especially relate to particular types of civil engineering projects, human asset specificity is more widely relevant to construction projects because detailed knowledge is held in a firm, usually by a relatively small number of people (Walker & Chau, 1999). The most important specified human assets in RMS transaction would be the organisational capability of managing a given risk (Jin and Doloi, 2008).

Transaction frequency is another major characteristic of an RMS transaction. Although it is low in construction, often effectively unity for most client-supplier dyads (Winch, 2002), this is one of the areas in which many clients are making changes with the aim of achieving learning benefits. Transaction frequency is expected to influence the governance over RMS transaction because outsourcing perse indicates a higher level of transaction frequency due to its long-term commitment (Williamson, 1996). Uncertainty is the third major characteristic. Outsourced activities usually bear the feature of much prolonged uncertainty due to the period of lifecycle and the difficulty in foreseeing future uncertainties, especially those inherent in later stages.

A public partner could manage a risk entirely in-house (hierarchy). Transaction costs may include the cost of setting up a team and monitoring its performance, among others. This is the case when asset specificity is relatively high and combined with high levels of uncertainty (Williamson, 1996). Arguably, transaction and production costs are lower than the costs for the same level of RMS procured through the market. Otherwise, a public partner may purchase the required RMS entirely from the market or carry out the task together with a supplier. Transaction costs may include the cost of devising the service contract and monitoring the service provider, among others. This is the case when asset specificity is relatively low and consequently market power prevails (Williamson, 1996). The current industrial practices are investigated against these TCE principles in the case study.

The application of transaction-cost economics to outsourcing implies that uncertainty in demand; asset specificity and frequency of transactions determine the governance structure. From these factors, specifically the frequency of transactions and uncertainty might have an impact on control mechanisms and performance management in serene provision. The factor asset specificity contributes to taking outsourcing decisions but also might cause dependencies in the buyer-supplier relationship affecting operations management

Academics have questioned the validity of transaction-cost economics. Ghoshal and Moran (1996) mention that they consider the possibility for fostering opportunistic behavior the main flaw of the theory, even though Williamson (1998) mentions this explicitly as part of the theory; that latter position is reiterated by Grover and Malhotra (2003) who also question of the role of uncertainty in necessitating hierarchical governance. Some argue that basing inter-organizational decisions on transaction costs alone could undermine the collaborative benefits and the transaction value of inter-firm collaborations (Sturgeon and Lee, 2001). Laursen and Mahnke (2001) adds that transaction-cost economics black boxes historical context, interrelationships between transactions as well as long-term consequences of boundary choices. It all indicates that this theory might have difficulty to describe decision making on outsourcing and the impact on operational management.

2.3 Outsourcing Decisions and Determinants

According to Brown and Wilson, (2005) the factors that influence the decision on outsourcing fall in the following categories, cost, service improvement, access world class services they might not get within and lack of resources.

2.3.1 Operating Cost

This variable was a measure of the customers on how they considered outsourcing would help in reducing the operating cost in their organizations (E-Business, 2008). The three areas being measured would be the capital investment, overhead and fixed cost and space. Capital investment is a measure of the extent on how outsourcing would help and has positive impact in reducing capital investment such equipment's, building and land for instance to reduce operating cost. By outsourcing non-core operation function areas, inevitably, some portion of capital investment could be saved and the investment fund could be diverted to core business investment to bring in more revenues to the companies. The fund could also be used on researching and generating new market segments for developments (Das and Handfield, 2007).

2.3.2 Improve Focus on Services

This following variable is the measure of the customers on how they considered outsourcing would help to improve company focus in their organization (Das and Handfield, 2007). There would be one area being measured on diverting resource to support core function that was to focus on new product development and explore new service delivery within the government institutions. As per the literature review, the benefits of outsourcing article cited that by outsourcing, resources could be diverted in value add activities that increased shareholder values in a business scenario. By shifting the resource to focus on core business and new product development, this would significantly produce a tremendous impact to the county in exploring new market segment and reap new customers to boost the revenues profitably of the county governments(Das and Handfield, 2007).

2.3.3 Gain Access to World Class Capability

This variable is a measure of the impact of outsourcing in gaining the access to excellent capability. Customers would be measured on how outsourcing would help with the access of supplier's best in class specialist, latest and high efficiency technology that could produce higher yield rate and would they gain the access of better-established tools and support infrastructure at the supplier site (Cooper and Schindler, 2003).Most of the suppliers that are specialized in their core service provider function have the best in class specialist that has sound technical and hands-on experiences engineers or specialists compared to outsourcer that were not specialized in the non-core business area. Suppliers would be able to provide the content expert resource that would support the requirement effectively and efficiently as deemed specialist (Cooper and Schindler, 2003)

2.3.4 Unavailability of Internal Resources

In manufacturing operation industry, majority of the companies outsource due to the unavailability of internal resources that was a limiter for the manufacturer to meet the customer requirements. This is also one of the top ten factors quoted by the Outsourcing institute in the literature review that led to outsourcing decision (Cooper and Schindler, 2003). Likewise, to county governments, they do not have enough manpower and resources to do all the functions and services to people. By outsourcing non-core

function, this would create space and capacity flexibility for the county governments to support the core business function and services customers upside demand. Noncore business could be negotiated for lower cost by outsourcing to service providers if the bulk of the volume came from the outsourcer that could generate the service provider's revenue. This could be a win-win situation for both Counties and organization (Cooper and Schindler, 2003).

2.3.5 Outsourcing Decision

The dependent variable of this research framework study would be the outsourcing decision, which would be measured in terms of the consideration of outsourcing decision. The benefits of outsourcing varied from one organization to another and the initiative to seek outsourcing strategy would also depend on the maturity of the organization in planning for strategic advantage and compete in the competitive market environment (Cooper and Schindler, 2003)

2.4 Empirical Literature Review on Outsourcing

Theories such as transaction cost economics the argument of core competency and several others, a number of studies on have tried to understand and explain the various facets, including determinants, motivations, and risks of outsourcing. Outsourcing decision is often seen as a rational decision by management motivated by expectations to generate several benefits such as to reduce and control cost. Secondly, to exploit the assumed economies of scale and scope offered by the outsourcing vendors (Janko and Koch, 2005). Thirdly, to improve management's focus on core competencies and get access to new technical skills and knowledge base for augmenting the organizations' skill and knowledge gap (Casale, 2001). Fourthly, to improve certain institutional aspects such as structure of the organization, style of management. Lastly, complementarily of organizational design to gain competitive advantage by achieving an unique winning combination offing-house capabilities with that of the outsourcing vendors; to mitigate technological risk and uncertainty (McLellan, Marcolin, & Beamish,1995) and to improve overall business performance, achieve process improvisation and enhance

customer service (Chris, Stephen & Christine,2004) and for other strategic motives (Willcocks, 2010).

These studies collectively indicate that the management's intent behind outsourcing into realizes a range of tactical, business, and strategic benefits it offers. Some of the studies observed that, in practice, outsourcing decisions are often driven by management's desire to transform fixed costs to variable costs (Baldwin, 2001). These reasons are also supported by Gitaari (2011) who conducted a study at KIM, found cost reduction, and focus to core businesses the main drive towards outsourcing and that it played a big role in achieving business objectives.

Other major benefits the management expects from their outsourcing engagements are convenience and flexibility in development, implementation and scaling up of projects, change management, protection against technical risk, and improvement in productivity and service quality (Chin, 2003). Koch (2008) concluded that outsourcing enables the organization to better manage the business and organizational knowledge and generate superior business intelligence, enable rapid innovation and introduction of new products/services. DiRomualdo and Gurbaxani (1998). Have identified that after initial years after the land mark deal of Kodak, outsourcing has moved into the realm of strategic management as organizations started looking beyond the tactical and operational benefits that the outsourcing engagements promises to offer. In their widely cited study, the authors concluded that organizations engage in outsourcing often with a strategic intent to achieve substantial improvisation of IT and business processes, innovation, customer service, and gain overall business efficiency. These conclusions were well supported by the subsequent research in this direction (Willcocks, 2010).

Kumar and Natarajan (2011) in their study on factors affecting outsourcing decisions in Indian banks concluded that the impacts of perceived benefits, perceived roadblocks, and perceived criticality on the attitudes towards outsourcing were found to be strong and statistically significant. The impact of perceived risk was weak and statistically

insignificant. The model explaining the combined impact of these four factors on outsourcing attitudes was also statistically significant.

Assaf and Hassanain (2011) undertook a comprehensive review of the published literature in the domain of outsourcing maintenance services undertaken for the purpose of identifying and synthesizing the knowledge areas pertaining to the factors that affect outsourcing decisions and found them to be strategic, economic, management, technological, function characteristics, and quality. Nyaboke et al (2013) in their analysis of outsourcing concluded that in order for public entities to realize a competitive advantage from outsourcing they required a strategic orientation. This they observed can be done through strategic analysis, rigorous vendor selection, contract negotiation and proper contract management.

2.5 Summary of Literature Review

Although TCE theory is used widely, the results of outsourcing recommended by TCE are not always confirmed, presenting anomalies and insufficiencies when determining firms' boundaries. To overcome these limitations, several academic papers have indicated recently that the study of outsourcing should consider both the TCE and RBV theories, addressing a former existing gap in the literature (Verbeke, 2009). However, these studies do not offer clearly mechanisms to combine both theories, thereby establishing an important gap to be addressed.

Research on outsourcing phenomenon in the context of outsourcing among county governments is lacking and can provide several new insights on outsourcing decisions. Hansen (2008) supported this view when he further observed that the existing literature does not address outsourcing from the developing country perspective. This study attempts to bridge this gap. The literature shows that there is a lot of research, which has been done on the determinants of outsourcing within the companies both in Kenya and abroad. However, there is no literature concerning decisions making of outsourcing within County governments in Kenya since they are new. Therefore, this research will be in a position to close this gap on county governments outsourcing decisions

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology used to conduct and report the research findings. Orodho (2007) says that it is the approach by, which the meaning of data is extracted and it is a continuous process. The research methodology gives the direction to follow to get answers to issues that are of concern. It is divided into the following sub-topics. Research design, the target population, the sampling strategy, data collection methods, instruments, data collection procedure, data processing, and analysis

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3.2 Research Design

Descriptive survey method of all counties was conducted. This study aimed at establishing the determinants of outsourcing decision in county governments in Kenya. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2007). Kothari (2004) states that descriptive studies are not only restricted to facts finding, but also might often results in the formulation of important principles of knowledge and solution to significant problems. This design was therefore, adopted for this study as it enabled the researcher in obtaining a cross-referencing data and some independent confirmation of data, as well as a range of options.

3.3 Population of Study

The population of study was all the county governments of Kenya. According to Constitution of Kenya 2010, there are forty-seven (47) counties (Appendix II). The researcher conducted a census for the study, which involved collection of information about each member of the population. A census survey of all the counties was appropriate, as the number, of the population was not large. The county administrative headquarters are spread all over the country with their administration headquarters located at accessible regions.

3.4 Data Collection

For this study, primary data was collected using questionnaires that were structured to meet the objectives of the study. The use of primary data was proposed given that there are no studies, which have been conducted previously in this field. The researcher used closed ended questions, which were ranked based on the Likert scale with five being the highest score and one the lowest. The target respondents were the supply chain directors. For this study, the choice of the above person was considered appropriate given their technical expertise and administrative position. The researcher to enhance the response rate personally administered the questionnaires.

3.5 Data Analysis

Mugenda and Mugenda (2009) summarize it as the process of bringing order, structure and meaning to the mass of information collected. After the fieldwork before analysis, all the questionnaires were adequately checked for data verification. The data was tabulated and classified accordingly in line with the objectives of the study. The data was then analysed through descriptive analysis where frequencies tallies and percentages were used to interpret the results. The results were presented through pie charts, and tables where necessary.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction to the Chapter

This chapter presents the research findings through data analysis and presentation of the results. The chapter is organized as follows, the first section is the county profile followed by outsourcing practices, determinants of outsourcing decisions in county governments in Kenya and finally a discussion of the findings. The data is presented in the form of tables, frequencies percentages and pie charts where possible and in line with research design and objectives.

4.2 County Profile

A county profile allows the administration of a county to establish what kind of resources and capacity constraints it possesses compared with socio-economic activities and the demand for service delivery within the county. These aspects impact in determining the type of service it can best outsource. The purpose of this section is to find out the demographics of counties and how these factors influence the demand for public service which in turn determines the services which are outsourced. Kenya is divided into forty seven counties as set out by first schedule of the constitution of Kenya. They have been in operation for only one and half years after the general elections of March 2013 hence the county administrations have not gathered enough experience in running the county affairs.

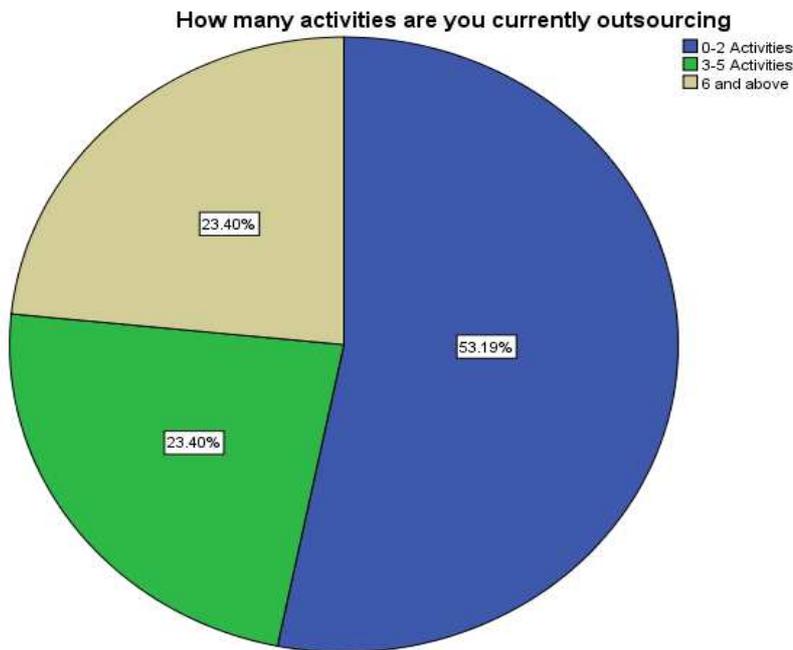
The size of a county and its population density impacts a lot of the kind of service delivery it offers. Counties occupy total area of 581,309.0 square kilometres with Turkana as the biggest county at 71,597.8 square kilometres while the smallest is Mombasa at 212 square kilometres. The total population of Kenya is estimated at 43 million with an annual average population growth rate of 2.4%. From the findings Nairobi County is the most populated county compared to other counties with an estimated population of 3,138,369 while Lamu is the least populated County with an estimated population of 101,539. It was noted that the counties with high population density also had a higher number of outsourced services like Nairobi and Mombasa.

The major socio-economic activity in a county tends to influence the outsourcing activities carried out in that area. Kitui, Marsabit, Mandera, Samburu, Tana River, Turkana and West Pokot have poverty levels above 70 per cent. The major economic activity in these counties is pastoralism. These counties are also characterized by relatively weak infrastructure and poor access to public services. It was found that the major activities outsourced revolved around water exploration and animal husbandry. On the other hand counties like Nairobi, Kiambu, Kirinyaga, Nyeri and Meru top the country in terms of wealth. Agriculture remains the most important economic activity followed by manufacturing. It was found out that the outsourced activities involved infrastructure and service industry.

4.3 Out Sourcing Practices

Outsourcing is an organization's chance to improve the available process in many aspects. However, outsourcing is not easy, and it needs to be well planned and therefore, it is very important to assess and identify the factors that are involved before an organization decides to outsource some functions. In this regard the researcher sought to investigate the status of outsourcing within the county government. Therefore, the study sought to know whether the County government outsources or not and what kind of activities are outsourced. From the findings all county governments do outsource different activities. Therefore, it is true to say that outsourcing is taking place within county governments to larger extent. The study further sought to know the number of activities that are being outsourced within the county government. The result is shown in Figure 4.1

Figure 4.1: Number of Activities Outsourced by the County Government



Source: Research Data, 2014.

From Figure 4.1, 53.19% of the counties outsourced between 0-2 activities, the remaining counties, and 23.40% outsourced between 3-5 activities while the same percentage outsourced six activities and above. Therefore, outsourcing activities is imminent in county governments just like in corporations and private companies. Most activities outsourced like in Nairobi County include E-payments, that is IT services for the parking and water services. and infrastructure development This is mostly outsourced due to lack of human resource capacity and capital investment required to provide the service to the residents. Kisumu County outsources garbage collection and most counties across Kenya including Nyamira, Kisii, Nakuru also outsource this activity. The respondents claims that it is cheaper and efficient to outsource these activities as compared if they could do them by themselves.

4.4 Determinants of Outsourcing Practices

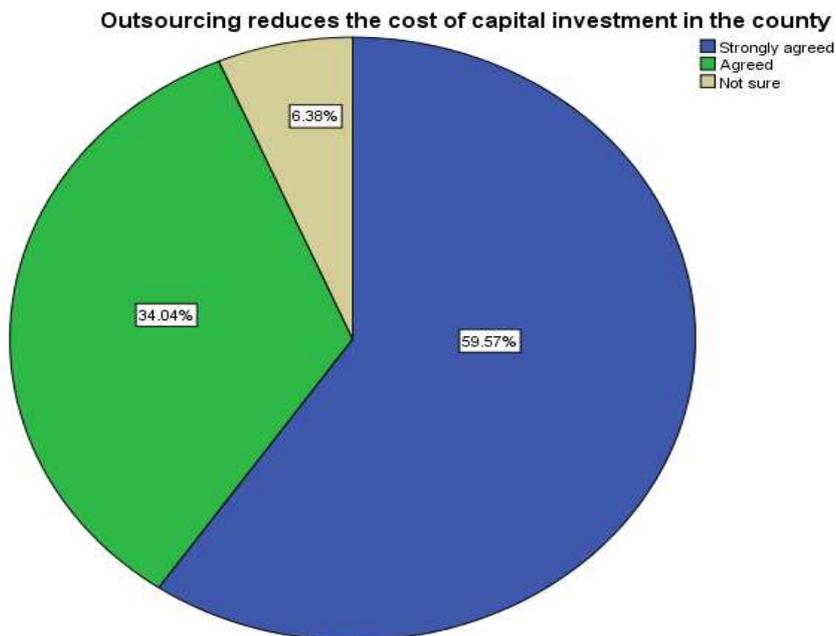
Outsourcing decision is often seen as a rational decision by management motivated by expectations to generate several benefits. Therefore an analysis of its determinants helps

to understand and explain the various facets county governments look at when making outsourcing decisions. This study looked at four determinants and the findings are outlined below.

4.4.1 Reduce Operating Cost

The key driver for many outsourcing decisions is the reduction in the cost of labour, materials, and parts. The function is outsourced when the in-house costs are higher than the anticipated costs for outsourcing the function. Therefore, the higher the internal cost to perform the function relative to the anticipated cost of outsourcing, the greater the probability of outsourcing. The study sought to determine whether outsourcing reduces operating cost within the County or not. The findings were recorded as presented in Figure 4.2

Figure 4.2: Outsourcing and Cost of Capital



Source: Research Data, 2014.

From Figure 4.2, 59.57% of the respondents strongly agreed that outsourcing helps in reducing the cost of capital investment within the county, 34.04% of the respondents

agreed with the same statement while 6.38% of the respondents were not sure. Therefore, the researcher concluded that outsourcing reduces the initial capital outlay for investment within the county hence is a determinant factor.

The study further sought to know whether outsourcing reduces labour cost within the County governments. The findings shows that 29.8% of the respondents strongly agreed that outsourcing of activities reduces cost of hiring labour, 57.4% of the respondent agreed while 12.8% of the respondents were not sure. Therefore, outsourcing reduces the cost of hiring labour in County government.

4.4.2 Access to World Class Capability

Outsourcing providers bring world-class resources to meet the needs of their users, where these skills do not exist in-house. In principle, outsourcing can provide access to best in the world quality and competitive advantage. The study sought to know whether outsourcing results to increased suppliers with new technology to the county government or not. The results are showed in Table 4.1

Table 4.1: Brings latest Technology in the Counties

Level of Agreement	Frequency	Percent
Strongly agreed	22	46.8 %
Agreed	21	44.7 %
Not sure	4	8.5 %
Total	47	100.0 %

Source: Research Data, 2014.

From Table 4.1, 46.8% of the respondents strongly agreed that outsourcing brings suppliers with latest technology on board in County government. 44.7% of the respondents agreed and 8.5% of the respondents were not sure. It can therefore, be concluded that outsourcing brings suppliers with new technology to the County government.

The study also sought to know whether outsourcing leads to acquisition of new ideas or not. The findings are recorded in Table 4.2

Table 4.2: Acquisition of New Ideas within the County.

Level of Agreement	Frequency	Percent
Strongly agreed	7	14.9 %
Agreed	7	14.9 %
Disagree	26	55.3 %
Not sure	7	14.9 %
Total	47	100.00 %

Source: Research Data, 2014.

From Table 4.2, 14.9% of the respondents strongly agreed and agreed respectively with the statement that outsourcing leads to acquisition of new ideas in County, 55.3% of the respondent disagreed with that statement while 14.9% of the respondents were not sure. Therefore, the study concludes that outsourcing does not necessarily leads to acquisition of new skills within county governments.

4.4.3 Unavailability of Internal Resources

Organizations may be particularly impacted by a lack of resources. In such cases, the best alternative may be to acquire the needed resources from a contractor. Access to the people with specialized skills may be an issue that affects the outsourcing decision. In general, a function is more likely to be outsourced if there is a lack of internal resources to perform it. The study sought to know whether outsourcing helps in providing unavailable resources within County government. The findings are as follows, the study sought to know whether outsourcing help the county to access personnel and equipment which they could not afford to hire due to financial constraints or not. The results were recorded in Table 4.3.

Table 4.3: Access to New Skilled Personnel.

Level of Agreement	Frequency	Per cent
Strongly agreed	19	40.4%
Agreed	24	51.1%
Not sure	4	8.5%
Total	47	100.0%

Source: Research Data, 2014.

From Table 4.3, 40.4% of the respondents strongly agreed that outsourcing helps in acquiring personnel with skills, which might not be present in the county, 51.1% agreed while 8.5% of the respondents were not sure with the statement. From the findings over 90% of the respondents were agreeable to the idea. It can therefore be concluded that outsourcing does help county government access skilled personnel

The study sought to know whether outsourcing results to over reliance on vendors. The results are recorded in Table 4.4.

Table 4.4: Over reliance on Vendors Within the County

Level of Agreement	Frequency	Percent
Agreed	10	21.3%
Not sure	33	70.2%
Disagree	4	8.5%
Total	47	100.0%

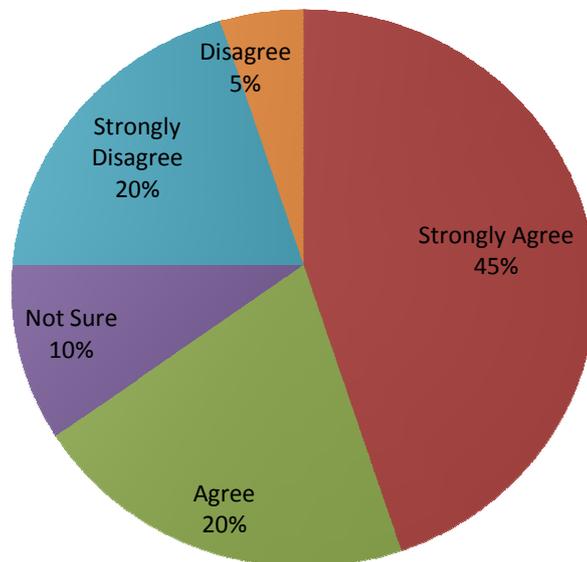
Source: Research Data, 2014.

From Table 4.4, 21.3% of the respondent agreed that outsourcing might bring over reliance on the vendors, 70.2% were not sure while 8.5% disagreed with the statement. From the findings it can be concluded that the respondents were not really sure whether outsourcing brought over reliance within the county

4.4.4 Focus in Core Business

The most strategic factor influencing the outsourcing decision is to allow the organization to focus on its core activities. The decision on exactly what function is core should have bearing on whether or not to outsource them. The study sought to know whether outsourcing helps the County Government to focus in the core activities.

Figure 4.3: Focus in Core Business



Source: Research Data, 2014.

From Figure 4.3, 45% of the respondents strongly agree that outsourcing helps the County government in focusing in the core activities, 20% agrees, 10% of the respondents were not sure, while 20% of the respondent strongly disagree. The findings reveal that outsourcing helps the Counties to focus on the core business.

4.5 Discussion of Findings

The objective of this study was to establish the determinants of outsourcing decisions within the county governments in Kenya. The study findings indicate that all of the 47 counties in Kenya do outsource various activities ranging from IT services to garbage collection services and infrastructure development. The results show that over 93% of the respondents strongly agreed that outsourcing reduces the cost of operation within the county. Therefore, the researcher concluded that cost is a strong determinant of outsourcing decisions within the county government. 14.9% of the respondents strongly agreed with the statement that outsourcing leads to acquisition of new ideas in County, while 55.3% of the respondent disagreed with that statement while 14.9% of the

respondents were not sure. Therefore, the study concludes that outsourcing does not necessarily leads to acquisition of new skills within county governments.

The study found out that unavailability of internal resources is a strong determinant of outsourcing based on the response rate of 64%. The results also showed that outsourcing also helped counties concentrate on its core activities as per 65% approval of the respondents.

CHAPTER FIVE: SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of the study, conclusions, recommendations and suggestions for further research.

5.2 Summary of Findings

The purpose of this research was to examine the determinants of outsourcing decisions in county governments in Kenya. The study was guided by two specific objectives these are to establish the status of outsourcing practices in county governments in Kenya and to establish the determinants of outsourcing decisions in the county governments in Kenya. A descriptive survey of all county government was carried out. The study used census study design to collect data in all the 47 County governments. Primary data was collected through the use of questionnaire administered by the researcher to chief procurement officers. The analysis was done using descriptive analysis. Results were presented in tables and charts. The study findings indicate that all the 47 counties in Kenya do outsource various activities ranging from IT services to garbage collection services and infrastructure development. The study found out that saving on cost and unavailability of internal resources are strong determinants of outsourcing based on the response rate of 64%. Outsourcing also helped counties concentrate on their core activities as per 65% approval of the respondents. The study recommends that county governments should only opt to outsource services when the cost of outsourcing is lower than the cost of providing that service in house. County governments also have the opportunity of delivering better services through outsourcing firms with better resources like skilled workforce and equipment.

5.3 Discussion

Outsourcing decisions are those strategic decisions that change the operations strategy of an organization in both government institutions and private sectors. The findings from the study indicate that all of the 47 Counties do make this strategic decision before outsourcing hence leading them to outsource. Demand for outsourcing is a result of

demand for organizational products and services by the target audience. Based on organizational estimate of total turnover, practicing managers can attempt to establish the nature and type of outsourcing required to that esteemed goal (Uddin, 2005). Governors do make strategic decisions concerning outsourcing and the continuous demand of efficient work delivery forces the County government to outsource most of the services they provide to the citizens. Most Counties outsource more than two activities as shown in the findings with 52% showing that. The finding concludes that there is high level of outsourcing within the county government in Kenya.

Organizations and Companies will opt for outsourcing when externalization of certain value chain phases allows them to reduce costs, i.e., when de-internalizing has more advantages than in-house production. The technological revolution that has taken place in last decades has allowed for a significant drop in the costs associated with finding information, transport communication, and business coordination, lowering the transaction costs, and augmenting the possibilities for outsourcing. This study finds similar results on outsourcing in the County governments. 93.61% of the respondents agreed with the fact that outsourcing reduces the cost of capital investment within the county. It reduces the cost of hiring workers and generally allows the County governments to be more efficient in service delivery. Using the transaction cost theory, outsourcing would entail a variety of coordination costs associated with various aspects of inter-firm transactions. Search costs as to find the right supplier, negotiation costs, and costs to design the contract and the incomplete contracts problem, coordination costs, technology transfer risks, etc. have to be considered. At the same time, firms or organization, which outsource production search to obtain two, types of advantages: first, an increase of flexibility for adapting to changes in demand and technological conditions and, second, a reduction in production cost. Therefore, the study concluded that cost is an important factor that determines outsourcing decisions within the county governments.

From the findings in the study, 71% of the respondents strongly agree that outsourcing increases the availability of the specialist in different sectors within the county and brings suppliers with the latest technology onboard. This is true as the same findings are echoed by Jobs (2005) who states that the Countries and organization are supplementing their

internal labour inefficiencies by outsourcing as this enables them to overcome technological inadequacies. This is also a determinant factor in outsourcing decisions. Availability of suppliers and resources is another factor that influences the decision that is being made before outsourcing. Over 91.56% of the respondents strongly agreed that outsourcing helps in acquiring personnel with skills, which might not be present in the county. In a competitive market where the County government cannot afford the qualified personnel in various sectors, they will be forced to outsource.

5.4 Conclusions

In trying to establish the factors that influences outsourcing decision within the county governments in Kenya, the study found the following factors to be the most important,

- i. Cost- cost is one of the factors that determine whether the County government is going to outsource or not. In most cases, they will only outsource when the cost of outsourcing is cheaper than the cost of providing that service by themselves.
- ii. Availability of personnel- where the market for work force is too competitive, the county government will opt to outsource since through that they will be able to bring more qualified personnel to handle their services more effectively.
- iii. Availability of resources- this will influence the decision to outsource or not to outsource.

5.5 Limitations of the Study

This study was limited by the following factors:-

Some respondents that were approached were reluctant in giving information demanding incentives to participate in the study. The research handled the problem by carrying out an introduction letter from the university and assuring the respondent that the information will be used purely for academic purposes.

Some respondents refused to be interviewed altogether. However the challenge was minimized by asking the respondents not to indicate their names on the research instrument as well as assuring them that the research will only for academic purpose. Other limiting factors were financial constraints and availability of time.

5.6 Recommendations

On the basis of the above conclusions, the following recommendations were made for Determinants of outsourcing decisions in Kenya. From the findings the study recommends that County governments should only outsource services when the cost of outsourcing is lower than the cost of providing that service internally. Secondly, outsourcing will help in improving service delivery where the County government has no capacity or work force to do that work hence the need for outsourcing. County governments should also outsource non-basic activities to help the concentrate their focus and limited resources to their core activities.

From the findings the study also recommends that more studies should be done in the County governments to improve administration of the county government service delivery. They should interrogate the study so that it can be improved, as it is the first of its kind to be carried out in Kenya.

5.7 Areas of Further Study

This study sought to assess the determinants of outsourcing decisions in county governments in Kenya with particular interest in the status of outsourcing practices in county governments in Kenya and to establish the determinants of outsourcing decisions in the county governments in Kenya. Although the study attained these, it mainly focused on the major factors. There is need to replicate the study so as to find out if there are any other determinants of outsourcing decisions in county governments in Kenya.

There is need to conduct a similar study which will attempt to find out Factors hindering outsourcing within the County government in Kenya and Ways to improve outsourcing services within County governments in Kenya

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Appendix 1: Questionnaire

This questionnaire is aimed at collecting data required for a study entitled *determinants of outsourcing decisions within the counties governments in Kenya*. Your participation in completing the questionnaire is essential to this study and respondents are kindly requested to complete the questionnaire and give any additional information they might feel is necessary for the study. The information you provide will be used for academic purposes and will be treated with utmost confidentiality

Section 1: County Profile

Instructions

Please tick one in the bracket in front of the most appropriate items; where an explanation is required use the spaces provided

1. What is your Designation?
2. Are you currently outsourcing? Yes { } No { }
3. How many outsourcing activities are currently running in the county 0-2 [] 3-5 [] 5 and above []
4. What are some of the activities you are currently outsourcing?.....

Section B: Reduce Operating Cost

1. Using a scale of 1 to 5 where 1-strongly agree, 2- agree, 3- Not sure, 4- disagree, 5- strongly disagree. To what extent do you agree with the following statements about outsourcing on operating cost

Statement	1	2	3	4	5
Outsourcing reduces the cost of capital investment in the county					
Fixed and overhead cost are reduced when the county outsourced services					
Outsourcing creates space for other services to be properly delivered hence determines					

outsourcing decisions					
Outsourcing is very expensive hence determines outsourcing decisions					
Outsourcing help in Focus on new product development and explore new market segment within the county					
Outsourcing leads to cost cutting / labor arbitragetherefore helps in outsourcing decisions					

Section C: Access to World Class Capability

- Using a scale of 1 to 5 where 1-strongly agree, 2- agree, 3- Not sure, 4- disagree, 5- strongly disagree. To what extent do you agree with the following statements about outsourcing on operating cost

Statement	1	2	3	4	5
Outsourcing increases availability of specialist in different sectors within the county					
Outsourcing brings the suppliers with latest technology on board					
Outsourcing helps in acquiring new equipment's without spending money on them within the county					
Outsourcing leads to acquisition of new ideas within the county					
Outsourcing help in establishing tools and alternative support within the countyhence determines outsourcing decisions					
Access to new and updated technologies on continuous basis					

Section E: Unavailability of Internal Resources

- Using a scale of 1 to 5 where 1-strongly agree, 2- agree, 3- Not sure, 4- disagree, 5- strongly disagree. To what extent do you agree with the following statements about outsourcing on operating cost

Statement	1	2	3	4	5
Outsourcing increases Data security within the county government help in making outsourcing decisions					
Outsourcing brings over reliance on vendors within the county					
Outsourcing helps in resistance Employee union hence unnecessary strikes					
Access to new skills personnel that the county might not be able to afford help them in making outsourcing decision					

Section F: Focus on Core activities

- Using a scale of 1 to 5 where 1-strongly agree, 2- agree, 3- Not sure, 4- disagree, 5- strongly disagree. To what extent do you agree with the following statements about outsourcing on operating cost

Statement	1	2	3	4	5
Outsourcing helps the County government to focus on key business					
Outsourcing leads to increase of limited production capacity and Space					

Appendix II: List of County Governments in Kenya

1	Baringo County
2	Bomet County
3	Bugoma County
4	Busia County
5	Elgeyo/Marakwet County
6	Embu County
7	Garissa County
8	Homa bay County
9	Isiolo County
10	Kajiado County
11	Kaka Mega County
12	Kericho County
13	Kiambu County
14	Kilifi County
15	Kirinyaga County
16	Kisii County
17	Kisumu County
18	Kitui County
19	Kwale County
20	Laikipia County
21	Lamu County
22	Machakos County
23	Makueni County
24	Mandera County
25	Marsabit County
26	Meru County
27	Migori County
28	Mombasa County

29	Muranga County
30	Nairobi County
31	Nakuru County
32	Nandi County
33	Narok County
34	Nyamira County
35	Nyandarua County
36	Nyeri County
37	Saburu County
38	Siaya County
39	TaitaTaveta County
40	Tana River County
41	TharakaNithi County
42	Tran nzoia County
43	Turkana
44	UasinGishu County
45	Vihiga County
46	Wajir County
47	West Pokot County