OUTSOURCING AND ORGANIZATIONAL PERFORMANCE AMONG PUBLIC UNIVERESITIES IN KENYA.

CAROLINE WANGARI MBUGUA

D61/67845/2011

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2014

DECLARATION

This research project is my original work and has not been presented for a degree in any other un iversity.

Signed:……………………………………. Date………………………………………………….

Caroline Wangari Mbugua.

(D61/67845/2011)

This research project has been submitted for examination with my approval as the university sup ervisor.

Signed:…………………………………… Date…………………………………………………

MR. Akelo Ernest O.

Management Science Department

School of Business

University of Nairobi

ACKNOWLEDGEMENT

I take this opportunity to bestow my gratitude to all who helped me during the course of the project for their aspiring guidance, invaluably constructive criticism and kind advice throughout the project work. I am sincerely grateful to them for sharing their sincere and illuminating views on a number of issues related to the project.

I am too glad to give special thanks to my project guide Mr. Akelo for his help and tips whenever needed. Without his co-operation it would have been impossible to reach up to this stage. I would also like to thank to all my lecturers and faculty members and general people who have directly or indirectly helped me in the project.

Finally, I would like to acknowledge with a deep sense of reverence, my gratitude towards my parents especially my father Mr.G.P. Mbugua and members of my family, who have always supported me morally as well as economically.

DEDICATION

This project is dedicated to my family.

TABLE OF CONTENTS

ABSTRACT

This project reveals that there has been a significant increase in most of the public universities in Kenya outsourcing non-core services in an attempt to enhance competitiveness. This is because most universities would rather concentrate on their core services which is teaching and because there are many companies that offer these non-core services such as cleaning, security, catering and IT services. These companies have professionally trained employees who can perform these tasks better. Outsourcing is when a company contracts an outside supplier for services or other business processes rather than employing staff to do these services in-house. It can also be defined as a process whereby an organization discontinues internal production (for example the production of goods or services) and replace these existing activities and/or factors of production (for example resources) with capabilities provided by intermediate markets.

Organizational performance is reviewed in the contexts that frame it as a dependent variable with specific emphasis on how it is measured. An organization's performance is made visible by the activities it conducts to achieve its mission. Outputs and their effects are the most observable aspects of an organization's performance. The review of the measurement of performance highlights the effectiveness of outsourcing. By synthesizing the literature, the foundations are laid for the improved measurement of performance. We conclude with a call for research that examines how an institution's size, business strategy and transaction cost influence the decision to outsource functions in the Universities is recommended. The study also recommends that comparable studies be conducted in the other industries with a view of establishing whether the same dynamics of outsourcing hold related effects in those industries.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Outsourcing is an integral part in most organizations in the world. Kenya has not been left behind either especially over the last few years whereby most organizations have replaced entire departments such as finance, purchasing, information, marketing and operations in both private and public organizations. Outsourcing is said to help firms to perform well in their core competencies and mitigate shortage of skill or expertise in the areas where they want to outsource (Overby, 2007).

The trend toward outsourcing has been influenced in many public organizations due to reforms placed by various governments that require the use of competitive market mechanisms as well as they are required to meet the same levels of performance as the private sector organizations. Assets and activities are transferred to private sector organizations in order to improve performance (McIvor, 2005).

Outsourcing is generally considered as a very powerful tool to cut costs and improve performance. Through outsourcing, firms can take advantage of the best outside vendors and restructure entrenched departments that are reluctant to change. Outsourcing can also help focus on the core business. While most research articles on outsourcing have argued for its success, there are disadvantages to outsourcing. Some outsourced activities have failed to meet expectations and it is difficult to control these outsourced activities (Baitheiemy, 2003).

1.1.1. Outsourcing

Outsourcing definition depends on the situation in which it is applied; For example firms discontinue internal production (for example the production of goods or services) and replace these existing activities and/or factors of production (for example resources) with capabilities provided by intermediate markets. This is type of outsourcing is referred to as substitution outsourcing. The second definition of outsourcing is abstention-based outsourcing, with this type; firms acquire capabilities from intermediate markets, rather than incur the necessary investments to internalize production. Costs of internally developing new capabilities are compared to accessing these capabilities in intermediate markets (Gilley & Rasheed, 2000).

Outsourcing is also defined as the process of searching for and appointment of contractors for the provision of goods and services and the execution of the contractual relations needed to support such activities. Outsourcing is when a company contracts an outside supplier for services or other business processes rather than employing staff to do these services in-house. Outsourcing is typically done by organizations with efficiency and cost savings in mind (Domberger, 1998).

The decision to outsource like any other business decision must be rational and calculated based on empirical evidence (Burkerholder, 2006). Organizations outsource with efficiency motives in mind, more specifically cost savings; business performance; maintain competitive position; and so as to focus on core competences (Bryce & Useem, 1998).

Some of the benefits of outsourcing include; Outsourcing potentially reduces bureaucratic complexity; Outsourcing improves production economies; improve performance; refocus on the core business; cost saving; specialized capabilities accessed by strategic outsourcing may allow firms to achieve greater performance gains (McIvor, 2009; Holcomb & Hitt, 2007; Bryce & Useem, 1998; Baitheiemy, 2003; Roodhoof & Warlop, 1999)

Outsourcing has failed in some organizations because they rushed to outsource some activities as their competition is doing without carefully examining each department and why it is not performing. Baitheiemy (2003) in his article identified seven reasons as to why outsourcing had failed; the first reason was managers outsourcing activities that should not be outsourced. These activities include core activities that give an organization competitive advantage; selecting the wrong supplier also led to the failure of outsourcing.

Writing a poor contract is another reason identified for the failure of outsourcing. A contract is said to be poor if it doesn't contain objective performance measures, clear terms and conditions that dictate the relationship between the two parties, managers not taking time to negotiate the contract and it should be precise, it should clearly state the amount to be paid. Outsourcing may fail due to overlooking personnel issues. Before an outsourcing decision is made, management should inform the other employees, an explanation as to what exactly might happen for example if by outsourcing a particular department will involve transferring the staff in that department to the supplier.

Outsourcing may fail due to managers losing control over the outsourced activity. Managers should be in constant communication with the supplier at all times and be actively involved in the entire process. Overlooking hidden costs has also been identified as another failure of outsourcing. Costs such as costs for drafting a contract and searching for a supplier can sometimes be higher than costs of the entire process of outsourcing but they are however, important so as to benefit the organization in the long run. The final failure of outsourcing is failing to plan an exit strategy. Managers should have an exit strategy in place that contains what ending a relationship with a vendor would entail for example buying back assets or rehiring staff back to the organization (Baitheiemy,2003).

1.1.2. Organizational Performance

In today's increasingly competitive world the effectiveness of business decisions have become the main focus of considerable attention. In order to survive organizations must be compatible with their environment. They must quickly adapt to the rapid changes in the environment so as to maintain their legitimacy and the resources they need to stay viable (Druckman et al. 1997). To compete, they must continually improve their performance by reducing costs, innovating products and processes, improving quality, productivity, and speed to market (Becker & Gerhart, 1996).

An organization's performance is made visible by the activities it conducts to achieve its mission. Outputs and their effects are the most observable aspects of an organization's performance (Lusthaus et al. 1999). Performance is a contextual concept associated with the phenomenon being studied. It is a measure of the change of state of an organization or the outcomes that result from management decisions and the execution of those decisions (Carton & Hofer, 2006).

There seem to be no consensus regarding the best or even the most sufficient measure of organizational performance. This is because there are many varied views of what desirable outcomes of organizational effectiveness and because performance is often characterized by the theory and purposes of the research being performed (Carton and Hofer, 2006). Performance measurement focuses on the internal processes to quantify the effectiveness and efficiency of an action with a set of metrics. Performance measurement indicators act as proxies for organizational phenomena (Henri, 2003).

Some use financial measures as a criterion to judge the success or fail of a decision or action e.g. Richard et al. (2009), according to them organizational performance encompasses three specific areas of firm outcomes: financial performance that is profits, return on assets, return on investment; product market performance that is sales, market share; and shareholder return that includes total shareholder return and economic value added.

There are, however, challenges in using these measures; for starters most managers are unwilling to allow researchers access their financial records, most studies that are available rely on perceived results rather than actual results. Other challenges to using financial measures include; savings are inconsistent from year to year, environments are constantly changing making it difficult to compare saving several years after an outsourcing contract against the costs of inside operations that had been discontinues several years earlier and some organizations outsource services from the onset hence providing no inside baseline for comparison (Bryce & Useem, 1998).

Lusthaus et al. (1999) looks at performance measurement holistically. Key performance indicators for each organization are regularly monitored to assess performance. Indicators vary from organization to organization. Some of the indicators that Lusthaus et al. (1999) recommend are: effectiveness, efficiency, relevance and financial viability.

1.1.3. Public Universities in Kenya

There are twenty two public universities in Kenya. The former president The Honorable Mwai Kibaki expanded university education in response to increasing demand of higher education necessitated by increasing flow of students from secondary schools. Public universities are also referred to as state universities since they are funded by the exchequer while private universities are those started by and fully run by private and/or religious organizations.

The reason for outsourcing is driven by money and sense. Higher education institutions decide that it is simply more economical or more productive to bring in an outside vendor to handle nonacademic tasks than it is to hire and train in-house staff. A vendor will often pay a professional a higher salary than a college or university can afford. Vendors can make this affordable by dividing an employee's time across various campus projects, or between different institutions. Higher education institutions should focus on their core strengths i.e. research, instruction, and service. Bringing expertise to campus is another important criterion to consider when outsourcing i.e. a team that can do the job more efficiently than an in-house team is brought in (University Business, 2005).

Financial limitation still remains the universities' main challenge yet they are expected to provide quality education to their clients (students) whose population has been growing rapidly. Thus limited finances and large student numbers have brought about challenges not only of maintaining but also of improving the quality of their services. It is because of this situation that some universities have considered outsourcing as an option in their efforts to cut costs, improve efficiency and meet the demands for greater accountability (Sang, 2010).

1.2. Statement of the Problem

Organizations are increasingly turning to outsourcing to enhance their competitiveness. A number of studies have been conducted on effect of outsourcing on performance with mixed results Quinn (1992), for example noted that outsourcing improves performance if the organization has the right strategy in place. Sang (2010) also examined outsourcing practices in Kenyan public universities, in particular the challenges and opportunities they face. He observed that security and cleaning are the major activities outsourced in universities, while catering was the least outsourced activity. Security and cleaning were found to have the least risks thus were found to be friendly to outsourcing. This study does not conclusively give the success or failure, or even the overall impact of outsourcing on the universities.

Gilley & Rasheed (2000) in their study examined the effects of outsourcing on financial and non-financial performance of organizations. Their overall findings concluded that there was no signifi cant impact of outsourcing on the overall performance. However, outsourcing has had an effect o n individual functional area in which outsourcing occurs. This study did not examine how outsou rcing impact on functional level can be translated into the overall firm level.

Jefferys (2012) also found no clear evidence of the impact of outsourcing in universities. He also observed substantial risks attached to outsourcing since the services being outsourced involve interactions with people then the artificial fragmentation of an integrated service can lead to major quality downside. He suggested that higher quality outputs and cost savings can be achieved by in-house staff by removing old managers and involving staff in reorganizing their workforce and people interactions. According to this study outsourcing strategy is unlikely to deliver real cost reduction in the short or long term while at the same time it is likely to reduce service quality.

Hamel et al. (1992) on the other hand argue that outsourcing reduces organizational innovativeness and makes an organization lose control over its activities, which in the long term has a negative effect on performance and profitability. Van der Werf (2000) also did a study on the effects of outsourcing and found that outsourcing has a negative effect. In his study at the University of Pennsylvania, management decided to scale back on outsourcing with Trammel Crow Company for its operations and maintenance of its campus after complaints from campus staff. Housekeeping functions never improved and that the roofs leaked. Outsourcing failed in the above study because of poor choices of sourcing partners, inadequate planning and training skills needed to manage outsourcing activities and poor communication between the organization and the supplier. The Harvard Workers' Centre (2001) in their report oppose outsourcing because they believe that it is a highly risky and potentially costly venture. Management, according to this report failed to manage outsourced contracts properly that led to high profile failures to protect public interest. The university management failure to demonstrate a clear strategy for involving staff unions and the failure to conduct a proper service review or conduct any market testing are some of the things that they mentioned as the reason for opposing outsourcing. This study was only concerned with looki ng out for their own members instead of the whole university as a whole and the impact outsourc ing projects have had.

Very few studies have been conducted on the effects of outsourcing activities, at least to my kno wledge, in Kenya especially the impact it has had on universities. The study therefore seeks to an swer the following research questions: 1) why did public universities decide to outsource? 2) Wh at are the outsourcing practices used by public universities in Kenya? and 3) what are the benefit s of outsourcing?

1.3. Research Objectives

The general objective was to determine the contribution of outsourcing on organizational perfor mance.

The specific objectives were:

i. To determine the reasons as to why public universities in Kenya decided to outsource.

ii. To find out what is being outsourced in the public universities in Kenya.

iii. To determine the benefits of outsourcing has had on the organization's performance.

1.4. Value of the study

Management will be able to make informed decisions on what to outsource and also understand t he effects that outsourcing will have if they decide to expand outsourcing to more departments. Management will explore further to increase their understanding on outsourcing and to address w ays in which they can make it more effective.

This study is very instrumental in understanding how the two variables (outsourcing and performance) are connected. This thus helps us understand that there is close relationship between these two variables.

This study attempts to make an important contribution to the management of public universities by exploring the issue of outsourcing non-core services and functions. The paper tries to identify challenges and opportunities of outsourcing initiatives in public universities in Kenya. Particularly, it seeks answers to the following questions: What are the reasons for outsourcing in Universities? Are there any benefits for outsourcing? What common challenges affect the ability of public universities to successfully outsource services? What lessons can be drawn from the experiences of public universities that engage in outsourcing? These questions were answered through a survey carried out in all public universities in the country.

CHAPTER TWO: LITERATURE REVIEW

2.0. Introduction

This chapter covers outsourcing in depth, the drivers of outsourcing, the benefits of outsourcing, the considerations managers should make before outsourcing and finally the pitfalls. Organizatio nal performance is also examined as well as a conceptual framework is given.

2.1. Outsourcing

Outsourcing can be defined as turning over all or part of an organizational activity to an outside vendor (Baitheiemy, 2003).The term outsourcing covers many areas, manufacturing as well as services. It can involve the transfer of some activities to an outside party while some remain in-house. Outsourcing can also involve the transfer of both people and physical assets to the supplier. When the decision to outsource has been made a number of important issues have to be considered including supplier selection, contract negotiation and transitioning of assets to suppliers (McIvor, 2009).

Any value chain that produces products for a customer can be seen as a bundle of activities. These activities are either performed internally or externally. for every individual activity a choice must be made (make or buy) and the sum of all the choices determines a firm‘s overall level of outsourcing, which will differ for every individual firm (Kotabe & Mol, 2009).

Transaction cost economics (TCE), Asset specificity (The lower the asset specificity of an activity, the easier it becomes to write complete contracts, and the more likely is outsourcing), and uncertainty (If uncertainty is lower, a higher degree of outsourcing is possible) have been identified as some of the key determinants of whether firms should integrate (make) or outsource (buy) a particular activity (Kotabe & Mol, 2009).a firm's capabilities and resources are an indicator of what can and cannot usefully be outsourced (Barney, 1999).

2.1.1. Drivers of Outsourcing

Every organization has a different reason for outsourcing. As competition increases and finances diminish organizations are increasingly turning to outsourcing to add value beyond lowering cost s. There are many reasons as to why organizations decide to outsource. A clear strategy for each of these reasons can help an organization make wise decisions and maximize its relationship with its outsourcing partners (Burkholder, 2006).

One of the reasons why organizations choose outsource is to reduce costs. Every organization's p rimary goal is to lower costs. Outsourcing provides a more efficient way in controlling costs. Ad ditional costs per employee such as salary, overhead, training and other costs. Outsourcing elimi nates costs such as future training of employees, current training, recruitment, payroll and benefit s. Organizations have been able to reduce operating costs through outsourcing by directing their operations in other countries. These countries are able to provide highly skilled and lowly paying professionals (McIvor, 2009).

Outsourcing has been acknowledged as one of the ways to free up a company from routine admi nistration tasks. The organization can focus on its core competencies. i.e. what the organization i s in business for. This allows them to dedicate their time and strengths to the benefit of the organ ization. Outsourcing involves bringing in specialists who can do the job faster. According to Hira i (2012) you could pay your staff their regular salaries for nine hours to struggle through a projec t outside their skill set or pay a specialist for three hours. The increase in performance should pay off in the long run.

Departments that are uncontrolled or poorly managed are prime motivators for outsourcing (Bucki, 2013). This will also help organizations to focus on core competencies and invest the money in other areas. Outsourcing tends to promote competition among suppliers thereby ensuring high quality products and services (Kotabe, 1990). Quality improvements are also realized by suppliers because they often are able to choose suppliers who have high quality products and services (Quinn, 1992).

While costs are a major reason to outsource they are not the only reason. An organization may ch oose to outsource because they may not be able to keep up pace with the ever changing technolo gy. Another reason may be that the organization is not very good at performing a particular task. Rather than attempting to improve on their performance the organization decides to outsource (Q uinn, 1999).

A successful outsourcing strategy begins with clearly defined goals. Objectives state the reasons for outsourcing, provide a working framework for making decisions about which vendor to work with, the outsourcing model to use and the functions to outsource. Objections are also used to evaluate how successful or unsuccessful the strategy has been. Goals are the metrics by which management can monitor progress, take corrective action and project future performance. (Bromlow, 2013; Quinn, 1992).

2.1.2. Benefits of Outsourcing

Outsourcing potentially reduces bureaucratic complexity .Administrative demands of organizing transactions and excessive bureaucratic costs associated with governance oversight reduce firm performance. In turn, these demands distract managerial attention from important sources of innovation and growth and add to the costs of internalization. Thus outsourcing helps firms align competing priorities, focus management attention on growth and innovation opportunities, and target resources to those tasks firms do best (Holcomb & Hitt, 2007).

Outsourcing improves production economies (Holcomb & Hitt, 2007; Bryce & Useem, 1998) Because decisions about price and production are made before actual demand is observed, as transaction volumes vary, firms may find it difficult to make optimal use of available capacity or may ration production when existing production scale limits activity. Outsourcing allows firms to avoid or reduce rationing and meet production requirements by relying on intermediate markets as demand varies over time; it also provides a mechanism for firms to reduce uncertainty, transfer risk, and share scale economies with specialized firms from these markets. As a result, overhead is reduced, production costs decline, and investments in certain facilities and equipment are eliminated, which in turn reduces firms' break-even points.

There are several financial advantages that organizations can benefit from by outsourcing. capital exchanged for internal factors of production (e.g. facilities, equipment, management and production personnel, etc.) when assets are transferred or sold to firms in markets; with outsourcing, firms can reduce or eliminate longer-term capital outlays to fund future investments related to the outsourced function. This allows firms to partly shift specific internal costs, including fixed charges, such as amortization and depreciation costs, to the outsourced organization; finally, outsourcing enables access to resources. This allows firms to transfer the risk of changes in production as well as responsibility for future capital outlays to the suppliers (Holcomb & Hitt, 2007).

Organizations outsource non core activities to avoid certain types of costs. Costs such as high energy costs, taxes, costs associated with benefits in labor unions and avoidance of regulations motivates management to outsource. Comparative costs such as medical insurance, an organization incurs for an employee is higher than an outside employee. Organizations also outsource to focus money and other resources toward core business (McIvor, 2009).

One of the biggest expenses that organizations have is labour, expenses such as bonuses, office s pace, support personnel, computers and software licenses, internet access, training , recruiting an d retaining employees and drinks that a salaried employee gets add to the overhead costs. Organi zations are turning to outsourcing rather than adding their headcount (Strauss, 2004). Apart from actual cost savings, the organization can achieve a leaner balance sheet by divesting assets that w ould have otherwise been required in-house. This can have a favourable impact on the financial s tability of the company and its return on assets ratio.

2.2. Organizational Performance

Organizational performance basically involves establishing organizational goals, monitoring the progress toward achieving those goals, and making adjustments to those goals after those activities have been accomplished so as to ensure that they are effectively and efficiently done. The successes of outcomes are judged differently by different organizations depending on the goal the organization set out to achieve and also the circumstances in which the organization is in (Richard et al. 2009).

Performance is a multi- dimensional and dynamic concept. Performance is what the organization hires one to do and do well. It is defined by the judgment and evaluation of processes (Sonnentag

& Frese, 2001). Organizations are constantly changing, some expand their mission, others take over new objectives and others cut off certain functions and focus on their central objectives. New technologies, new threats and opportunities, budgetary constraints are some of the challenges organizations face. (Druckman et al., 1997). When diagnosing an organization and its performance the number and choice of indicators are critical. Lusthaus et al., (1999) recommends key performance indicators for each organization that should be regularly monitored to assess performance. Indicators vary from organization to organization. Some of the indicators that Lusthaus et al., (1999) recommends are: effectiveness, efficiency, relevance and financial viability.

The effectiveness of an organization is the degree to which an organization moves toward the attainment of its mission and realizes its goals. Effectiveness entails mission statements, goals and objectives and systems in place to assess effectiveness. Lusthaus et al., (1999) identifies the following indicators of effectiveness; quality of products and services, collaboration agreements, growth indicators in terms of coverage of programs, services, clients and funding.

Efficiency is defined as the ability of an organization to provide services within an appropriate cost structure. Some of the issues that entail efficiency as identified by Lusthaus et al. (1999) include; maximal use of physical facilities, optimal use of financial resources and administrative systems that provide good value for money. Indicators of efficiency include; overhead total program costs, timeline of service delivery, cost per program and cost-benefit of programs.

Organizations face threats from within and out of the organization such as the threat to remain relevant. To survive organizations must adapt to changes and also keep up with their missions, goals, programs and activities that are agreeable to their key stakeholders and constituents. To remain relevant organizations must assess their environments, changing technologies and new programs. Indicators of relevance include number of new programs and services, stakeholder satisfaction, changes in services and programs related to changing systems, changes in funders and number of new and old financial contributors (Lusthaus et al. 1999).

The final indicator that Lusthaus et al. (1999) identified is financial liability. To survive an organization has to be financially viable. They should have multiple sources of funding, positive cash flows and surpluses. Some of the indicators of financial viability include; changes in net operating capital, growth in terms of number of funders, resources assets and capital.

2.3. Summary of Past Studies

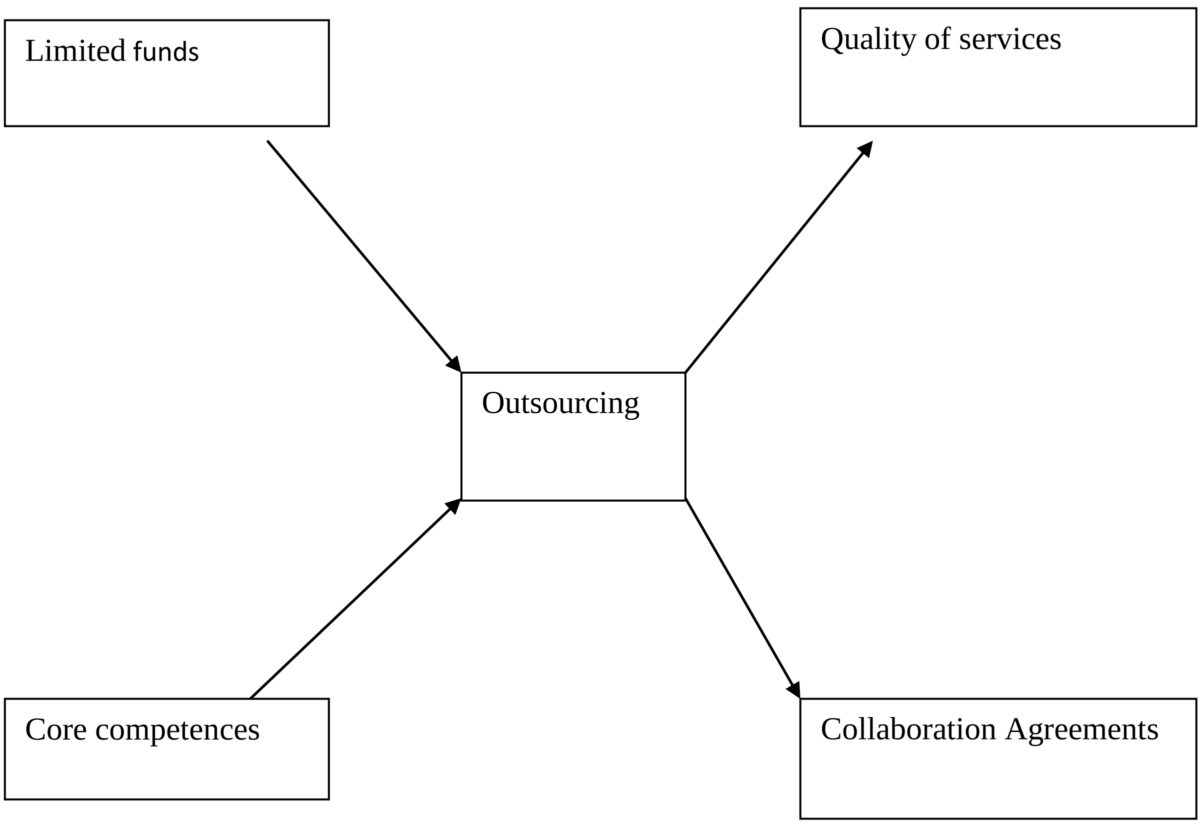
As alluded to earlier, various studies on the impact of outsourcing has had mixed results. This could be due to the performance measures they choose to use in their studies. Some have found that outsourcing has had a positive effect; others have found no effect while others have found a negative effect. Some studies were using financial and non-financial measures e.g. Gilley et al. (2000). Some studies have studied outsourcing impact on the staff for example (The Harvard Workers' Centre 2001; Jefferys, 2012) in their studies the in-house staff had a negative attitude on the outsourced staff, outsourced staff were not compatible with the in-house staff and some staff members had to be laid off so as to accommodate the outsourced staff, this made some in-house staff hostile toward the outsourced staff.

In other studies university management did not take time to really examine functions and how things can be done or tried to improve on them internally. They rushed to outsource failing functions and hence outsourcing was seen as a failed project (Van der Werf, 2000). They also failed to come up with clear strategies for how they would go about involving staff unions, (The Harvard workers, 2001). Quinn (1999) recommends for management to involve their staff before they decide to outsource they should also be informed well in advance as well as prepare them before they decide to outsource.

This study will examine the reasons as to why public universities decided to outsource. This study will also seek to find out the effect outsourcing has had in public universities. Effectiveness as a performance indicator will examine the degree to which outsourcing has helped universities moves toward the attainment of their missions and realize their goals. Indicators of effectiveness that will be examined will include: quality of services, collaboration agreements, growth indicators in terms of coverage of programs, services, clients and funding.

2.4. Conceptual Framework

This study will use effectiveness as an indicator to measure the impact of outsourcing in public universities.



CHAPTER THREE: METHODOLOGY

3.0. Introduction

Upon reviewing relevant theoretical arguments, and giving the relevant definition of both dependent and independent variables linking them in a conceptual framework, we therefore shift our attention to the methodology. This part sought to elaborate the course of action that was used in acquiring a valid solution to the problem. This chapter entails the research design; population; data collection and finally data analysis.

3.1. Research Design

A research design is a procedural plan that is adopted by the researcher to answer questions validly, objectively, accurately and economically. Through a research design, a researcher communicates to others his/her decision regarding what research design to use, how information will be collected from respondents, how respondents will be selected, how information collected will be analyzed and how the findings will be communicated (Kumar, 2011).

The choice of research strategy should be determined by the nature of the particular research question posed (Bryman, 2012). This study used descriptive research to study the impact of outsourcing on organizations' performance.

3.2. Population

This study focused on all the public universities in Kenya. This study used the current number of public universities in Kenya as of thirtieth June 2013 which is twenty two. The researcher chose all of them because they are few and easily accessible. A census survey was conducted. This is because the study was based in universities, where all of the respondents involved are members of the intended population to be studied. The findings reflect a true representation of the effects that outsourcing has had on the universities. The researcher used information from the key informants that is managers.

3.3. Data Collection

This study relied on primary data collection mainly through the use of structured questionnaires. The questionnaire was divided into two parts. The first part consisted of questions dealing with outsourcing familiarity, reasons for implementing outsourcing strategy, duration of an existing program, reasons for establishing a new program, improvement if any of an ongoing program or discontinuation of the present outsourcing strategy.

The second part included a Likert's scale to measure organizational performance. Likert's Profile of Organization Characteristics is used because, unlike other potential measures, it allows for additions to be made to the questionnaire in order to assess overall performance with specific new programs or initiative (Likert, 1932). The Likert instrument has acceptable levels of reliability and validity across a variety of settings. It is based on a scale of 1 - 5 (a Likert 5 type rating scale), with 5 as the most effective level and 1 as the least effective level. A reliability test was conducted for indices of organizational performance to enhance their credibility. The coefficient alpha for this study was above 0.73. Most researchers consider an alpha at .70 to be an acceptable criterion for adequate scale reliability. Several variables were identified as being significant for the purpose of this study. First, there were the elements used to measure the independent variables outsourcing strategy with measures that included outsourcing dimensions such as types of activities or functions outsourced. The second variable focused on the elements used to measure the dependent variable organizational performance that included productivity (cost savings and efficiency) and quality (customer service).

3.4. Data Analysis

Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler, 2001). The objectives of this study was to determine the reasons why public universities outsource, what activities they outsource and finally the benefits gained from outsourcing some of those activities as well as find out the relationship between outsourcing and organizational performance. This study sought to answer these questions through questionnaires. Statistical Package for Social Science (SPSS) was used to analyze all the data collected from the questionnaire thus a more comprehensive analysis was obtained for this research study. The data collected was analyzed using descriptive analysis. In descriptive analysis, there are two measures, one is the central tendency which include mean, median and mode; the other is dispersion that consists of range, standard deviation and variance (Sekaran, 2003).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the study findings according to the data collected from the field. It provides general information on outsourcing functions and activities in universities in Kenya. It begins with instrument return rate, while the other sections are based on the research questions of the study.

4.2 Return Rate

Questionnaires were used to collect data from public universities in Kenya. A total of 28 questionnaires were distributed and all of them were returned giving a response rate of 100% which was deemed to be very good and sufficient for data analysis. The respondents were quite cooperative and the data collected was taken to be a true representation of the respondents' views due to the independence of the questionnaire method of data collection.

4.3 Drivers of Outsourcing

To determine the specific factors influencing decision to outsource services in the universities, the respondents were required to indicate the outsourced functions and the reasons that most influenced decisions to outsource. The results were as shown in tables below:-

Table 4.1: Outsourced functions

	Frequency	Percent
cleaning	11	39.3
security services	14	50
IT services	2	7.1
catering services	1	3.6
total	28	100

As shown in table 4.1 above, the study found out that cleaning and security services were the most outsourced functions with 39.3% and 50% respectively. There are many organizations available locally offering cleaning and security services. Universities as well as other companies benefit from the economies of scale since there are many companies available.

The other services which scored less than 10% were considered weak; these are IT systems, transportation and catering services. This is because Universities have their own IT departments to deal with IT solutions and buses for transportation of their students and staff. As for catering services there are canteens in the campuses where staff and students take their meals. Similar studies such as Sang (2010) found that most outsourcing initiatives revolve around three common areas: security, cleaning and catering.

Table 4.2: Reasons why most universities decided to outsource

	Frequency	Percent
Imitate Competition	2	7.1
Limited Funds	2	7.1
Concentrate on core activities	24	85.7
Total	28	100

According to Table 4.2, the key critical factor that leads most Universities to make outsourcing decisions is in order to concentrate on core activities, i.e. concentrate on providing quality education. Since there are firms that are readily available to provide security and cleaning services, the best option was to outsource these services. Outsourcing is an approach particularly suitable for cost minimization strategies given its ability to reduce production and procurement costs. Indeed outsourcing is most useful in commodity markets and has an effect of strengthening price-based competition since external suppliers are more likely to provide standardized solutions, reducing the possibilities for successful differentiation from competitors.

Sang (2010) list the following reasons that influenced universities decision to outsource the functions, in order of importance. The reasons given were: cost cutting/control, to enhance administrative efficiency, focusing on core functions and safety concerns.

Table 4.3. Drivers of Outsourcing

The study further sought information on the drivers of outsourcing among public universities in Kenya. The respondents were required to indicate the reasons their respective Universities had decided to outsource some of their services. The results were as shown in table 4.3.

Table 4.3. Drivers of Outsourcing

	N	Mean	Std. Deviation
Does your University outsource any function	28	1	0
What are some of the outsourced functions	28	1.79	0.876
Why did your organization decide to outsource	28	2.79	0.568
How long have you been outsourcing	28	2.93	0.539
Any changes since outsourcing	28	1.36	0.731
Any outsourcing functions discontinued	28	1.96	0.189
If Yes (Question 6) Why was it discontinued	1	1	
Valid N (listwise)	1		

All of the universities in this study were found to outsource some of their services. These services include cleaning, security, IT and catering services with a (M=1.79, SD=.876). Most of the universities decided to outsource so as to concentrate on their core activity that is teaching (M=2.79, SD=0.568). Majority have been outsourcing for a while now for over five years (M=2.93, SD=0.539). All of the universities have seen changes since they outsourcing was implemented (M=1.36, SD=0.731).

Table 4.4. Organizational Performance

The study sought further information on the outsourcing practices and organizational performance within the university. The respondents were required to indicate the outsourcing practices in their respective universities. They were to indicate organizational performance as either Strongly Disagree (coded as 1) Disagree (coded as 2) Neutral (3) Agree (4) Strongly Agree (5). The results were as shown in table 4.4.

Table 4.4. Organizational Performance

	N	**Mean**	**Std. Deviation**
Management is in full control of the outsourcing process	28	4.71	0.854
Management has allocated enough funds and budget for the University	28	4.71	0.81
Management appointed someone to maintain the outsourcing process	28	4.71	0.937
Management incorporated the practice in generating a strategic plan	28	4.61	0.994
There has been significant changes since outsourcing	28	4.54	0.962
Valid N (listwise)	28		

Using descriptive statistics mean scores of greater than 4 indicated that the outsourcing practices influenced organizational performance to a greater extent. Findings show that all the mentioned practices involved the management thus influencing the organizational performance. This finding implied that the management is in full control of the outsourcing process in terms of budget allocation and delegating a person to manage the process. For outsourcing to be successful, the management has ensured that outsourcing is incorporated in the strategic plan. This has led to significant changes in the university in terms of cleanliness and security of the premises.

The effect of uncertainty in markets impacts on optimal outsourcing levels. This is a useful because the magnitude of making the right or wrong outsourcing choices under different levels of uncertainty will be of particular relevance to managers. the wrong choice in governance is costly and more so as the difference between the optimal decision dictated by an activity‘s outsourceability and the actual governance choice increases. What follows from this is that across all of firm‘s activities, its degree of outsourcing is negatively related to its performance. In a linear test of outsourcing and performance we may therefore find a positive relationship between outsourcing and performance, when firms have not yet reached their optimal point, a negative relationship, when firms have gone beyond their optimal point or no relationship when a firm is very close to its optimal point (Kotabe and Mol, 2009)

4.4 Benefits of Outsourcing

The study further sought information on the benefits of outsourcing among the Universities in Kenya. The respondents were required to indicate the gains their respective Universities had in terms of service improvement. They were to indicate benefits of outsourcing as either Strongly Disagree (coded as 1) Disagree (coded as 2) Neutral (3) Agree (4) Strongly Agree (5). The results were as shown in table 4.5.

Table 4.5. Benefits of Outsourcing

	N	Mean	Std. Deviation
Outsourcing has been effective in preventing the problem of hiring new employees	28	4.18	0.819
Outsourcing in non-core services has been effective	28	4.29	1.049
Outsourcing has been effective in cutting costs	28	3.79	0.876
Outsourcing has been effective in building competency among individuals	28	3.82	0.67
Outsourcing has been effective in terms of budget flexibility	28	3.96	0.637
Outsourcing has been effective in helping the University cope with changes and challenges	28	4.18	0.723
Outsourcing has been efficient in answering the needs of the University	28	4.29	0.976
Valid N (listwise)	28		

Using descriptive statistics mean scores of greater than 4 indicated that the particular gain was to a great extent. As shown in table 4.5, the respondents agreed that through outsourcing universities have benefited greatly on: outsourcing in non-core services has been effective, (M=4.18. SD=0.819). Majority of the respondents agree that outsourcing has been effective in preventing the problem of hiring new employees, with helping the university cope with changes and challenges and efficient in answering the needs of the university a M of 4.29 and a SD of

1.049. The universities also benefited at a moderate extent from cutting costs, building competency among individuals and effectiveness in budget flexibility (M=3.96, SD=0.637).

The respondents agree that outsourcing has been effective in helping the University cope with changes and challenges (M=4.18, SD-0.723). They also agree that outsourcing has been efficient in answering the needs of their respective universities (M=4.29, SD=0.979)

Various arguments have been provided for such a positive relationship. It allows firms to increasingly focus on its core activities (Domberger, 1998; Quinn, 1999). The achievements listed as a result of outsourcing were: financial and time savings; improved security; improved cleanliness and garbage collection and less involvement in personnel matters. Financial savings accruing from outsourcing initiatives ranked highest among the achievements of outsourcing. All respondents agreed that outsourcing resulted in financial savings to their institutions (Sang, 2010).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter deals with the summary, conclusions and recommendations of the study. The general objective of the study was to assess outsourcing of activities/functions by Universities in Kenya.

5.2 Summary of the study

The researcher developed three research objectives from which research questions were drawn to be answered by the study. Related literature on outsourcing practice in Public Universities in Kenya was reviewed. The study targeted all the 22 Universities in Kenya. The study employed simple random sampling to get a sample of 5 Public Universities. A Questionnaires tool was used to collect the required information. The number of questionnaires returned was 28 and the return rate was 100%. Data was analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0 to process the frequencies, percentages and descriptive statistics which were used to discuss the findings. The following were the findings of the study.

5.3 Summary of findings

The study found out that the key driver of outsourcing functions is due to the fact that Universities aimed to concentrate on core activities and the benefits realized from such services outweighed the costs. For costs, in general the effect of an outsourcing solution should be cost reduction when compared to in-house solutions. The greater the cost saving the better the decision to outsource would be preferred and vice versa. Moreover, if outsourcing would lead to greater benefits without compromising on costs, then the decision would be established. However cost saving supersedes the benefits accrual. This therefore supports the transaction cost theory (Williamson, 1975; 1985) wherein transaction cost plays a key role in making the outsourcing decision. The Universities, keen on reducing the cost of transactions in order to continue being competitive, have outsourced services in quest of lowering their operation costs. Lower operation costs are realized when the external service providers achieve economies of scale from distributing fixed costs to a large number of clients (Acosta, 2012; Kakabadse & Kakabadse, 2000; Dibbern et al, 2004; Lacity & Willcocks, 1998; Hirschheim & Lacity, 2000). Outsourcing will also decrease costs from transforming fixed costs to variable costs consistent with the observations by Clark et al. (1995). These findings were consistent with the observations by Ndifet (2004) and Fill (2000) that cost is the main driver for outsourcing in any organization.

The functions greatly outsourced include: cleaning and security services. The study found out that only a few functions were being outsourced since Universities in Kenya were still very young and have not built adequate capacity and confidence in the market. This also implies that in as much as some ICT functions were outsourced by other companies, universities prefer retaining their staff capacity for the outsourced service just in case the outsourced contracts do not achieve the desired results and the company has to revert back to in-house solutions. These findings further support similar research findings by Claver et al (2002), Linder Cole and & Jacobson, (2002), Leavy, (2004), and Grover and Teng, (1993) who affirmed that organizations are likely to retain core functions in-house while outsourcing non-core functions.

Benefits of outsourcing include effectiveness in non-core services, the institutions having fewer problems in terms of employment, cutting costs, building competency among individuals, effective budget flexibility, assist in coping with changes and challenges and efficiency in answering the needs of the university. The findings to a greater extent in terms of outsourcing practices where management is fully engaged influence the organizational performance. The practices ensure that the management is in full control of the outsourcing process. The management also ensures that there are adequate funds and the practice is incorporated in the strategic plan. This has further ensured significant changes in the Universities.

5.4 Conclusions

The key driver to outsourcing among the Public Universities in Kenya is in order for the institution to concentrate on the core activities which greatly lead costs and benefits optimization. Outsourcing decisions are to the highest degree influenced by confidentiality, information security, internal capacity, and enterprise control. The services mostly outsourced include: cleaning and security services. Only a few functions are currently being outsourced since the outsourcing practice in Public Universities in Kenya is still in its infancy stages. Universities prefer retaining their staff capacity for the outsourced functions as a result of instances where outsourcing does not realize the desired results. The greatest challenge in outsourcing in Universities in Kenya is overdependence on the outsourcer.

5.5 Recommendations

Based on the findings of this study, it is recommended that top management should encourage outsourcing practice in their universities due to the benefits that are realized. The study has established the benefits of outsourcing as effectiveness in non-core services, the institutions having fewer problems in terms of employment, cutting costs, building competency among individuals, effective budget flexibility, assist in coping with changes and challenges and efficiency in answering the needs of the university.

5.6 Suggestions for further research

A study on how an institution size, business strategy and transaction cost influence the decision to outsource functions in the Universities is recommended. The study also recommends that comparable studies be conducted in the other industries with a view of establishing whether the same dynamics of outsourcing hold related effects in those industries.

REFERENCES

Acosta, F. (2012). Assement of Factors Influencing the Decision to Outsource Information and Communication Technology in Kenya. *Business and Economic Review*, 63-96.

Baitheiemy, J. (2003). The Seven Deadly Sins of Outsourcing. *Academy of Management Executive* , vol 17 pg 87-97.

Becker, B. & Gerhart, B. (1996). The Impact of Human Resource Management on Organizational Performance. . *Academy of Management Journal.*, Vol 39, pg 4

Brownlow, D. (2013, September). *10 Steps to Outsourcing Success.* Retrieved from SAPinsider: http://sapinsider.wispubs.com/Assets/Articles/2009/August/10-Steps-To-Outsourcing-Success

Bryce, D. &. (1998). The Impact of Corporate Outsourcing on Company Value. *European Management Journal* , 635-643.

Bryman, A. (2012). *Social Research Methods 4th edition.*: Oxford University Press. Oxford.

Burkholder, N.C. (2006). *Outsourcing: The Definitive View, Applications and Implications.* Hoboken. New Jersey: John Wiley & Sons, Inc.

Bucki, J. (2013, September). *Top 7 Outsourcing Advantages.* Retrieved from about.com: http://operationstech.about.com/od/officestaffingandmanagem/a/OutSrcAdvantg.htm

Carton R.B. & Hofer C.W. (2006). *Measuring Organizational Performance: Metrics for Entrepreneurship and Strategic Management.* Edward Elgar Publishing Limited.

Clark, T. (1998). The outsourcing of information services: Transforming the Nature of business in the information industry. *Strategic Sourcing of Information Systems*, 291–314.

Claver, E. e. (2002). Information Systems Outsourcing: Reasons, Reservations and Success Factors. *Logistics Information Management*, 294-308.

Cooper D.R. & Schindler P.S. (2001). *Business Research Methods.* McGraw-Hill Education.

Corbett, M. (2004). *The Outsourcing Revolution: Why it Makes Sense and How To Do It Right.* Dearborn Trade Publishing.

Dibbern, J. (2004). Information Systems Outsourcing. *The DATA BASE for Advances in Information Systems*, 62-102.

Domberger, S. ((1998)). *The Contracting Organization: A Strategic Guide to Outsourcing.* Oxford: Oxford Univesity Press.

Druckman D. et al., (1997). *Enhancing Organizational Performance.* Washington, D.C.: National Academy Press.

Fill, C. & Visser, E. (2000). The outsourcing dilemma: A composite approach to the make or buy decision. *Journal of Management*, 30-55.

Gilley, M.K. & Rasheed, A. (2000). Making More by Doing Less: An Analysis of Outsourcing and its Effects on Firm Performance. *Journal of Management*, 763-790.

Grover, V. &. (1993). The Decision to Outsource Information Systems Functions. *Journal of Systems Management*, 34-38.

Havard Workers Union (2001). Outsourcing, its Discontents, and some Solutions. *A Report Prepared for HCECP by the Harvard Workers' Center*, 35-70.

Henri, d. G. (2003). The effects of outsourcing on firm productivity: Evidence from microdata in the Netherlands. *Taylor and Francis Journals*, 405-418.

Hirschheim, R. L. (2000). The Myths and Realities of Information Technology Insourcing. *Communications of the ACM*, pp. 99-107.

Holcomb T. R. & Hitt M. A. (2007). Toward a Model of Strategic Outsourcing. *Journal of Operations Management*, vol 25 pg 469-478.

Jefferys S. (2012). Shared business services outsourcing: Progress at Work or Work in Progress? *London Metropolitan University*, 123-160.

Kakabadse, N. & Kakabadse, A. (2000). Critical review – Outsourcing: a paradigm shift. *Journal of Management Development*, 670 - 728.

Kotabe M. et al. (2009). Outsourcing and Financial Performance. *University of Warwick*, 89-102.

Kumar, R. (2011). *Research Methodology: A Step-by-Step Guide for Beginners.* SAGE Publications Ltd.

Lacity, M. &. (1998). An empirical investigation of information technology sourcing practices: Lessons from experience. *Management Information Systems*, 345-400.

Leavy, B. (2004). Outsourcing strategies: opportunities and risks. *Strategy and Leadership*, 20-25.

Linder, J.C. et al (2004). Transformational Outsourcing. *MIT Sloan Management Review*, 52-58.

Lusthaus et al, (1999). *Enhancing Organizational Performance: A Tool box for Self-Assessment.* International Research Centre.

McIvor, R. (2005). *The Outsourcing Process: Strategies for Evaluation and Management.* New York: Cambridge University Press,.

McIvor, R. et al. (2009). A Study of Performance Measurement in the Outsourcing Decision. *journal of management*, 247-453.

Mooney, K. (1994). From Outsourcing to Alliances: Strategies for Sharing Leadership and Exploiting Resources at Metropolitan Universities. . *Metropolitan Universities: An International Forum.*, 267-312.

Ndifet, K.S. (2004). Outsourcing in Commercial Banks, Cameroon: Pros and Cons. *Helniski University of Finland*, 23-90.

Overby, S. ((2007)). Outsourcing definitions and Solutions. *journal of management*, 112-256.

Prahalad C.K. (1990). *The Core Competence of the Corporation.* Havard Business Review.

Quinn J.B. (1992). The Intelligent Enterprise: A New Paradigm. *Academy of Management Executive,* pg 48-54.

Quinn J.B. (1999). Strategic Outsourcing: Leveraging Knowledge Capabilities. *Sloan Management Review*, 67-90.

Richard et al. ((2009).). Measuring Organizational Performance: Towards Methodological Best Practices. *Journal of Management*, 247-378.

Roodhoof, F. &. (1999). On the role of sunk costs and asset specificity in outsourcing decisions: a research note. Accounting, Organizations and Society. *Katholieke Universiteit Leuven*, 365-369.

Sang, J.K., (2010). Outsourcing in Kenyan Universities: An Examination of Challenges and Opportunities. *Moi University*, 4-30.

Sonnentag, S. & Frese, M. (2002). Performance Concepts and Performance Theory. *journal of operations management*, Pg 5-6 .

Schreiber, W. (1994). A Shop Divided. Currents. *journal of information systems*, v20 n3 p8-12.

Schwartz , F. et al. (2008). 13 Best Practices for IT outsourcing. *Journal of Information Systems*, 50-68.

Strauss-Kahn, V. (2004). The Role of Globalization in the Within-Industry Shift away from Unskilled Workers in France, in: Baldwin, R.E. and A.L. Winters, (eds.), Challenges to Globalization: Analysing the Economics. *University of Chicago Press*, 209 – 231.

Van der Werf, M. (2000). How the University of Pennsylvania Learned that Outsourcing is no Panacea. The Chronicle of Higher Education. *university of pennsylvania*, 34-50.

www.cue.or.ke/services/accreditation/status-of-universities

APPENDICES

Appendix 1: List of universities fully accredited as of 30th June 2013

Name of university	Established	Location
University of Nairobi	1970	Nairobi, Kenya
Moi University	1984	Eldoret, Kenya
Kenyatta University (KU)	1970	Nairobi, Kenya
Egerton University	1987	Egerton, Kenya.
Maseno University	2001	Maseno, Kisumu, Kenya
Jomo Kenyatta University of Agriculture and Technology (JKUAT)	1994	Nairobi, Kenya
Dedan Kimathi University of Technology (DKUT)	2012	Nyeri, Kenya
Masinde Muliro University of Science and Technology (MMUST)	2007	Kakamega, Kenya
Chuka University (CU)	2013	Chuka, Kenya
Technical University of Kenya (TUK)	2013	Nairobi, Kenya
Technical University of Mombasa (TUM)	2013	Mombasa, Kenya
Pwani University (PU)	2013	Kilifi, Kenya
Kisii University (EU)	2013	Kisii, Kenya
University of Eldoret	2013	Eldoret, kenya

Maasai Mara University	2013	Narok, Kenya
Jaramogi Oginga Odinga University of science and Technology	2013	Bondo, Kenya
Laikipia University	2013	Nyahururu, Kenya
South Eastern Kenya University	2013	Kitui, kenya
Meru University of Science and Technology	2013	Meru, Kenya
Multimedia University of Kenya	2013	Nairobi, Kenya
University of Kabianga	2013	Kericho, Kenya
Karatina University	2013	Karatina, Kenya

Appendix 2: Questionnaire
Part one: please put indicate with a tick or x

1. Does your university outsource any function?

(a) yes [ ]   (b) no [ ]

2. What are some of the outsourced activities/ function?
(a) Cleaning [ ]   (b) security services [ ]   (c) information technology systems [ ]

(d) Transportation [ ]   (e) catering services [ ]   (f) and other (please indicate)

…………………………………………………………………………….

3. Why did your organization choose to outsource?

   (a) Imitate competition [ ]

   (b) Limited funds [ ]

   (c) Concentrate on core activities [ ]

   (d) Other (Please indicate) ………………………………………………………………

   ………………………………………………………………………………………….

4. How long have you been outsourcing?
(a) 1-2 years [ ]   (b) 3-5 years [ ]   (c) 6-10 [ ]   (d) more than 10 years [ ]

5. Have there been any changes since outsourcing was implemented
(a) Yes [ ]   (b) no [ ]   (c) not sure [ ]

6. Have there been to your knowledge any outsourcing functions discontinued or stopped
(a) Yes [ ]   (b) no [ ]   (c) not sure [ ]

7. If yes (question 6) why was it discontinued?
   (a) Program failed to deliver as expected [ ]
   (b) Other, please give reasons…………………………………………………………..

   ……………………………………………………………………………………………

Part 2: Measure Organizational Performance

Outsourcing Practices and Organizational performance	**STRONGLY DISAGREE**	**DISAGREE**	**NEUTRAL**	**AGREE**	**STRONGLY AGREE**
Management is in full control of the outsourcing process					
Management has allocated enough funds and budget for the university					
Management appointed someone to maintain the outsourcing process					
Management incorporated the practice in generating a strategic plan					
There have been significant changes in the University since outsourcing was introduced					

this section seeks to establish the benefits of outsourcing.

Benefits of outsourcing	**STRONGLY DISAGREE**	**DISAGREE**	**NEUTRAL**	**AGREE**	**STRONGLY AGREE**
outsourcing in non-core services has been effective					
Outsourcing has been effective in preventing the problem of hiring new employees in the institution.					
outsourcing has been effective in cutting costs					

Outsourcing has been effective in building the competency among individuals					
Outsourcing has been an effective method in terms of budget flexibility of the University					
Outsourcing has been effective in helping the university cope with changes and challenges					
Outsourcing has been efficient in answering the needs of the university					