

**APPLICATION OF OUTSOURCING STRATEGY AT EAST
AFRICAN BREWERIES LIMITED, KENYA**

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DECLARATION

This research project is my original work and has never been presented before for the award of a degree or for any other purpose in a university or any other institution.

Signature Date

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D61/81315/2012

This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research work is dedicated to my family for their unconditional love and support during the period of my studies.

I also wish to dedicate this research to organizations that seek to adopt the outsourcing strategy concept as a way of maintaining their competitive edge.

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ABSTRACT

Organizations in today's dynamic world must stay competitive for which outsourcing strategy is a viable option. As such, outsourcing has become a common practice in the business field and managers have begun to understand that in some instances it is better to bring in services from outside to achieve quality services than to do everything on their own. The operating environment of the breweries industry in Kenya has changed considerably such that there is need to understand the outsourcing strategies of activities in the industry. This led to the analysis on the application of outsourcing strategy at East African Breweries Limited, Kenya. Specifically, the study sought to determine: the application of outsourcing strategy at East African Breweries Limited, Kenya; and the challenges associated with outsourcing strategy at East African Breweries Limited, Kenya. The study adopted a case study research design. Qualitative data was derived through semi-structured interviews and collected data analyzed using content analysis. The study revealed that EABL had outsourced transportation of products from the factory to the depots, clearing and forwarding of all international shipments, Catering, Security, Drinking water, Contracted Staff, Travel, Courier Services, Payroll Processing and IT help desk. Among the benefits of outsourcing included cost cutting, increased productivity and efficiency, spread the risks that are associated with doing business and improved customer service and operational control. However, outsourcing can lead to loss of control of the function that is outsourced by the management. The study concluded that outsourced activities are non-core to the business while some are core to the overall operation therefore outsourcing gives the company enough time to focus on the core functions of the organization to be able to meet the company objectives. The research also concluded that EABL benefits from the outsourcing strategy. Among the benefits include increased productivity and efficiency, spread of risks and improved customer service. The study recommended that the company conduct a cost benefits analysis of outsourcing process before engaging in outsourcing. The organization should develop clear criteria on the choice of the service provider and should be ready to address in details the challenges and how to overcome those challenges. The study suggested that more time should be given into this study in future in various organizations and allow comparative case study on more than one firm of similar nature and magnitude.

CHAPTER ONE: INTRODUCTION

1.1 Background of Study

Outsourcing refers to business technique whereby an organization employs an autonomous outside organization to do some of its non-center organization work (Kotler, 2003). Outsourcing is delegating a procedure, for example, designing of a product or assembling, to an outsider organization. As indicated by Overby (2007), outsourcing involves exchanging of the administration as well as everyday execution of a whole business capacity to an outside specialist organization. The extent of outsourcing is also important and can be differentiated between selective and total outsourcing (Bolat and Yimaz, 2009).

The transactions cost theory (TCT) which was developed by Williamson (1975), sees outsourcing as a positive determinant of financial performance where it argues that outsourcing practice is appealing to firm's managements since it develops some of the metrics used to improve firm's performance. Agency theory explains how to best sort out acquaintances in which employees decide the work, which employers embraces (Eisenhardt, 1989).

Nowadays, one broadly prescribed strategy for enhancing one's aggressive position is "outsourcing" (Maiga & Jacobs, 2014). Elmuti (2011) characterizes outsourcing as an administration procedure by which an association delegates major, non-center capacities to specific and proficient strategies while Maiga and Jacobs (2014) recommend it as one way of keeping the firm competitive in the twenty first century.

In this day and age, the drivers are regularly more key other than the cost or headcount reductions which were the most widely recognized motivations to outsource (Elmuti, 2011). Drivers involve utilization of an organization's own core competencies. For instance, an organization's may include: decrease and control working costs, specialization on exercises of high esteem, access to world-class limits, free internal resources for various purposes, a limit that is dull to direct or is insane, to tap outside assets which may not be accessible inside, share risks with a partner company (Osmond & Beth, 2010).

According to Stroh and Treehuboff (2013), core competencies are a set of skills and or knowledge cutting across the functional borders. The authors further contend that in firms, administrators should endeavor to concentrate on territories where the organization commands, rather than spreading their endeavors over the entire value chain. As such, the enhanced execution coming about because of this is relied upon to exceed the loss of control that accompanies outsourcing techniques. Bolat and Yimaz (2009) at that point proceed to plot different types of outsourcing, which include: workers being ended before exercises are exchanged to an outside specialist organization; an in-house office can likewise be changed into a free organization that in this way begins offering administrations autonomously under possess administration.

1.1.1 Concept of Outsourcing

Outsourcing refers to a procedure of getting an outside organization to give an administration already performed by staff. Much of the time, outsourcing includes an exchange of administration obligation regarding conveyance of administration and inner staffing examples to an outside association. Subcontracting, contracting out, staff

increase, adaptable staffing, representative renting, proficient administrations, contract programming, counseling and contract administrations are for the most part terms which allude to outsourcing. Outsourcing is the contracting out of a business capacity to an outer supplier (Overby, 2007). In this sense, two associations may enter a legally binding contract including a trade of administrations and installments.

Outsourcing is developing at a fast rate all through the world since associations see it as an approach to accomplish vital objectives, enhance consumer loyalty and give other productivity and adequacy upgrades (Ellram & Billington, 2001). Outsourcing helps administration concentrate all their scholarly assets, skill and time on the unmistakable abilities that give the firm an edge in the market. Concentrating on the center exercises guarantees aggregate adapting particularly on the best way to co-ordinate differing creation aptitudes and coordinates different floods of advances. Outsourcing is viewed as a method through which a business condition or issue can be mitigated in a way that is more proficient or viable than in-house execution of coordination capacities. Subjective inspiration includes watchful examination of choices or a well-thoroughly considered corporate approach showing that outsourcing is the best way for the organization (de Boer, Gaytan & Arroyo, 2006).

Quelin and Duhamel (2003) posited that outsourcing incorporates the sourcing of items and ventures as of now conveyed inside the sourcing relationship from external suppliers. The term outsourcing can cover numerous regions, including the assembling and in addition administrations. The expression "outsourcing" is most usually utilized as a part of connection to the exchanging of the supply of item or administration exercises to outside providers. Outsourcing includes the exchange of a whole business capacity to a

provider. On the other hand, outsourcing may prompt the exchange of a few exercises related with the capacity while some are kept in-house. Outsourcing can likewise include the exchange of the two individuals and physical resources for the provider. Serem (2003) expressed that outsourcing is not only a direct money related or buying choice. As a rule, outsourcing is a noteworthy key choice that has suggestions for the whole association.

1.1.2 Concept of Strategy

Ellram and Billington (2001) argue that strategy assists companies to cope with change, which is usually precipitated by environmental factors. Porter (1980) advances the view that strategy acts as the link between the firm and its environment. Quelin and Duhamel (2003) are of the view that a good strategy needs to be 'well matched' to the external environment. As changes evolve in the environment, so must the strategy. Internally, strategy entails formulation and implementation of capabilities and resource strengths that are needed to sustain a competitive edge by the company. The essence of strategy is to relate the organization to changes in the environment (de Boer et al., 2006).

Strategy therefore is a tool that helps the organization to align its activities to match turbulence in the environment. Some of the strategies used by organizations include firm's customer relationship which include the access to private information between exchanging accomplices, consequently empowering them to screen the advance of items and requests as they go through different procedures in the inventory network, mass customization characterized as the act of creating redid items at costs equivalent to mass delivered items (Kotler, 1989). Provider association characterized as the long haul

connection between the association enable organizations to accomplish critical continuous advantages.

1.1.3 Alcoholic Industry Sector in Kenya

Brewing originated as an ordinary local action expected to create a fluid that was a great many people's staple drink (Brewers Association, 2010). In the medieval time, blending on the biggest scale was completed in cloisters. Afterward, schools and extraordinary nation houses fermented for their own particular utilization. On the household scale, water could be warmed over a start shooting in a cabin and the lager prepared in the kitchen, yet by the sixteenth century the devoted brewhouse was getting to be plainly ordinary. By the eighteenth century the more formal, reason assembled brewhouse had turned into an indispensable piece of the workplaces normally found at the expansive nation house.

The brew business is continually changing while industry deals stay level. Mergers and acquisitions have limited the quantity of brewers yet assortments of lager have expanded. The real brewers have the assets to contend in about all features of the business. The buyer's palette has turned out to be more advanced and they want one of a kind tastes in lager, wine, and different spirits (Beverage Spectrum Magazine, 2010).

1.1.4 East African Breweries Limited

East African Breweries Limited (EABL) is the area's driving marked liquor business. It has a remarkable gathering of lager and spirits, with bottling works and refineries, bolster enterprises and an appropriation arrange over the area. The gathering's assorted variety is a vital factor in conveying the most elevated quality brands to East African customers and

long haul investors (Annual Report and Financial Statements, 2008). The group's history can be traced back to 1922 when Kenya Breweries was founded at Ruaraka, Nairobi. Within two years, the company was brewing 900 hectolitres of beer monthly.

In Kenya's East African Breweries, transportation of beer from the factory and distribution to the depots is done by a transportation expert (Stephanie, 2016). This is non-core activity for East African Breweries is fully outsourced. The trucks and vehicles for transportation are owned by the contracted company. Clearing and forwarding of all international shipments at the airport of the origin to the destination of the cargo is another function that has been fully outsourced at the Breweries (Annual Report and Financial Statements, 2008).

1.2 Research Problem

Organizations in today's dynamic world must stay competitive for which outsourcing strategy is a viable option (Elmuti, 2011). As such, outsourcing has become a common practice in the business field and managers have begun to understand that in some instances it is better to bring in services from outside to achieve quality services than to do everything on their own (Serem, 2003). This is due to the benefits that outsourcing strategy come with which incorporate cost lessening, enhanced nature of administration, and hazard decrease (Elmuti, 2011).

Outsourcing can have a direct impact on jobs and on the work done within an institution. When a function is outsourced the staffs that have traditionally done this work may be affected. According to Kotabe and Michael (2009), most organizations have adopted strategies to help them maximize profit. Cost reduction has become the key policy in

many organizations to help improve production and overall performance of the organization. Outsourcing strategy has gained popularity over the world and has been widely embraced in many developed countries (Kretnic, Tukul & Rom, 2006).

The operating environment of the breweries industry in Kenya has changed considerably such that there is need to understand the outsourcing strategies of activities in the industry. East African Breweries has in the recent past outsourced logistic activities in its transportation, clearing and forwarding of all international shipments, training and development of the staff and cleaning and catering services in order to improve on its performance. For instance, an investigation by Kotabe and Michael (2009) on outsourcing and financial performance among Netherland firms discovered that outsourcing has a negative curvilinear impact on firm execution.

Khumalo (2006) did an examination on essential accomplishment factors for an outsourcing strategy in the Mpumalanga Coal Mining industry in South Africa. From his findings, he suggested that the low impact of outsourcing stems from lack of knowledge of the critical success factors and the failure of companies to focus on these areas. In Nigeria, Rajee (2013) performed an exploratory study of outsourcing administrations as a key instrument for hierarchical execution. They uncovered that outsourcing is gainful to hierarchical execution, and Upgrades Company's money related economies and upper hand in the commercial center.

Locally, studies assessing outsourcing strategy have been done. In his study on the effect of outsourcing rehearses on execution of commercial banks in Kenya, Rono (2011) found out that commercial banks perform better when they concentrate on their core business

practices. Mutua (2012) performed an investigation into achieving competitive advantage through outsourcing at National Bank of Kenya and concluded that business firms that need to compete effectively should outsource non-key business activities. Ochweri (2012) on the other hand did a case study research on outsourcing strategy and performance of the Kenya Institute of Management and found out that outsourcing as a strategy in the learning institutions can be applied not only to gain the overall performance of the institution but also to increase student enrolment.

From this review of past studies, it is clear that different organizations have applied outsourcing strategy in different ways. They have equally experienced different challenges in different ways. How is outsourcing applied at Kenya's East Africa Breweries Limited?

1.3 Research Objectives

This research was based on two objectives. The objectives are:-

- i. To determine the application of outsourcing strategy at East African Breweries Limited, Kenya.
- ii. To determine the challenges associated with outsourcing strategy at East African Breweries Limited, Kenya.

1.4 Value of the Study

The study might contribute to the theory adopted in this study by illustrating how Transactions Cost Theory (TCT) and Agency Theory can be successfully applied in the outsourcing strategy and what are the challenges associated with outsourcing strategy at East African Breweries Limited, Kenya. Furthermore, the study might add more

information on how Transactions Cost Theory (TCT) and Agency Theory facilitate the performance of an organization in a way which is both viable and impeccable with the likelihood of substitution at the edge.

All the stakeholders in the management and governance of the project might be sensitized on their roles in the application of outsourcing strategy. This can pre-empt any challenges that organizations face. The administration of different parastatals may know how to apply as well as set up measures to turn around any antagonistic impacts of outsourcing in their associations. The scholars and specialists who will utilize the discoveries of this examination as a reason for additionally look into in deciding the manageability of outsourcing procedure as a way to deal with the administration of associations.

This study might be especially useful to policy makers in government and Nongovernmental Organizations and think tanks involved in outsourcing matters. The findings will also go a long way in identifying the challenges that are experienced in outsourcing and how these challenges can be avoided or solved. Policy makers may borrow from the findings and develop policies guidelines governing outsourcing practices in their operations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the study. The literature was reviewed in order to identify opinions, findings and information from various studies and people towards outsourcing strategy. An analysis of the literature revealed knowledge and information gaps which the research seeks to fill. The sections covered in this chapter are: the theoretical foundation of the study which was transaction cost theory and agency cost theory; literature on outsourcing strategy; factors influencing the outsourcing process; benefits of outsourcing strategy; challenges of outsourcing strategy; and empirical studies and research gaps.

2.2 Theoretical Foundation of the Study

This study was guided by Transaction cost theory (TCT) and Agency Cost Theory (ACT). Transaction cost theory was used to explain how the market is prompt, restricting the advancement of expanded specialist chief (representative supervisor) connections, of arranging, and of trust while agency cost theory disclosed how to best sort out connections in which one gathering (the foremost) decides the work, which another gathering (the specialist) embraces.

2.2.1 Transaction Cost Theory (TCT)

Transaction cost hypothesis was projected by Coase in 1937. As indicated by Coase (1937), a company can be characterized in a way which is both viable and impeccable with the likelihood of substitution at the edge, so instruments of conventional financial

examination apply. Coase (1937) also posits that a company's connections with the market may not be under its control (for example in light of offers charges).

In case an organization works within the market framework, many contracts would be required (for example, notwithstanding to procure a pen or conveying an introduction) (Kakabadse & Kakabadse, 2005). Interestingly, a genuine firm has not very many contracts, for example, characterizing a director's energy of heading over workers, in return for which the representative is paid (Kakabadse & Kakabadse, 2000). These sorts of agreements are drawn up in circumstances of vulnerability. Such a circumstance runs counter to neo-traditional monetary hypothesis. The neo-traditional market is prompt, restricting the advancement of expanded specialist chief (representative supervisor) connections, of arranging, and of trust. Coase (1937) reasons that a firm is likely in this way to develop in those situations where a transient contract would be inadmissible, and that it appears to be doubtful that a firm would rise without the presence of vulnerability.

2.2.2 Agency cost theory (ACT)

Agency hypothesis discloses how to best sort out connections in which one gathering (the foremost) decides the work, which another gathering (the specialist) embraces (Eisenhardt, 1989). The hypothesis contends that under states of fragmented data and vulnerability, which describe most business settings, two organization issues emerge: antagonistic choice and good peril. Unfriendly determination is the condition under which the chief can't find out if the operator precisely speaks to his capacity to take the necessary steps for which he is being paid. Moral danger is the condition under which the main can't make sure if the operator has advanced maximal exertion (Eisenhardt, 1989).

The issues of unfavorable choice and moral hazard imply that settled wage contracts are not generally the ideal approach to compose connections amongst principals and specialists (Jensen & Meckling, 1976). A settled wage may make a motivating force for the specialist to evade since his pay will be the same paying little heed to the nature of his work or his exertion level.

Agency cost hypothesis develops one part of ICT, as it manages the alternate points of view of hazard that customer and provider have, and separates between result based contracts, and conduct based contracts (Alchian & Demsetz, 1972). On the off chance that the customer questions the provider then the degree of checking required will be more prominent for the customer, than it would be if the customer could completely confide in the provider to convey. The customer has two fundamental options: an agreement which stipulates installment by comes about (a result-based contract), or an agreement that expresses the provider ought to do certain things at stipulated times, or invest a specific measure of energy in specific capacities (Jensen & Meckling, 1976).

2.3 Outsourcing Strategy

A very much detailed technique empowers an association marshal and allots its assets interestingly on the premise of its relative inside capabilities and impediments, expected changes in the earth and unexpected activities by contenders (Quinn & Hilmer, 1994). Quinn (1980) recognizes strategy as an arrangement that assembles associations' real objectives, approaches and activity successions.

Doorman (1980) states that methodology is essentially about rivalry and the methods by which an association tries to pick up an upper hand. Hills and Jones (2001) presume that

the methodologies an association seeks after majorly affect its execution with respect to the companions. Johnson and Scholes (1997), takes note of that methodology is the long haul heading and extent of an association that encourages the accomplishment of leverage, for the association, through the method of course of action of assets inside an evolving domain. Along these lines, the procedure is seen as the coordinating of the exercises of an association to the earth to which it works (Johnson & Scholes, 1997).

According to Quinn and Hilmer (1994), outsourcing ought to be basic to an association's general procedure. The association in this manner needs an unmistakable guide of what its inside exercises as opposed to applying outsourcing system. Quinn (1980) recommends that the purposes behind outsourcing have developed from essentially taken a toll orders to vital re-position, center ability upgrade, more prominent administration combination and higher esteem creation. Organizations are driven into making outsourcing decisions as a result of costs, technology and knowledge enhancement considerations (Gottschalk, 2001). The primary motive of outsourcing strategy is therefore to improve incentives within the organization. Implementing a fruitful outsourcing system includes an investigation of various measurements incorporating relative capacity all the while, commitment of the procedure to upper hand and the potential for advantage from outsourcing the procedure (Hills & Jones, 2001).

2.4 Factors Influencing the Outsourcing Process

Total outsourcing includes building up an organization with a solitary provider, with IT saw as an administration or bolster work (Gottschalk, 2001). The point is ordinarily to save IT costs, or kill an issue. The outsourcing association holds key control. The choice to outsource some portion of an organization's capacities or exercises is provoked by an

assortment of contemplations. Potential cost reserve funds, access to mechanical developments and key contemplations, (Quinn & Hilmer, 1994), worried about scale and degree economies and conceivably development desires.

Jiang et al. (2006) empirically examined the impact of outsourcing on firm level execution measurements. Openly accessible bookkeeping information were utilized to test for changes in working exhibitions that came about because of outsourcing choices. Working exhibitions were inspected over a four-quarter period after the outsourcing declaration. This examination gave confirm that outsourcing can enhance a company's cost-effectiveness. Broedner *et al.* (2009) displayed an observational examination of firm level efficiency impacts of outsourcing against the foundation of an audit of late hypothetical contemplations about the point. It explored profitability impacts of outsourcing under control of other important variables affecting firm level efficiency by methods for a multivariate relapse examination.

Outsourcing can add to productivity by empowering the firm individuals to pick up an aggressive edge if well managed, and focus on center business works by enhancing item, enhanced client benefit, wandering into new markets and giving quality assets (Bronfenbrenner and Luce, 2004). The approach of coordination contracting part has turned into an inspiration in drawing the consideration of logisticians towards this canny move to outsourced coordination's (Gooley, 1994). As indicated by a review directed by Lieb and Randall (1996) it was discovered that the best officials of outsider specialist organizations saw developing client request in outsourcing.

Joint venture outsourcing is more alarmed about improvement of new learning for the customer, and there is more accentuation on shared dangers and prizes (Lieb and Randall, 1996). Some of the time different associations will cultivate the formation of a provider organization to which they will outsource work, yet at the same time have more control than they would do in a numerous provider or aggregate outsourcing game plan (Gooley, 1994). Accomplishing cooperative energy and an upper hand might be another motivation behind why firms go into a key collusion (Bronfenbrenner & Luce, 2004).

2.5 Benefits of Outsourcing Strategy

Both small-sized and large-sized estimated organizations went into outsourcing assentions (Bronfenbrenner and Luce, 2004). Hypothetically, bigger organizations as of now appreciate economies of scale in their own privilege for most ranges of their exercises (Lieb & Randall, 1996). Littler organizations, which have the most astounding scale disservice and are by and large more adaptable in retaining changes and advancements, may accordingly be relied upon to be energetic clients of outsourcing, since this ought to enable them to accomplish an indistinguishable effectiveness from extensive organizations in sub aggressive parts of their esteem chain.

Unmistakably both huge measured organizations and little estimated organizations have a motivating force to enhance intensity. Getting to outsourcing openings, as with some other aggressive advancement, is a fundamental however not adequate condition for expanding or keeping up organizations' benefit or monetary lease. To accomplish upper hand, organizations need to comprehend their wellspring of upper hand (Cilley, Greerb & Rasheed, 2004). Once a business invests in outsourcing of services like human resources, accounting services, information technology, transport, marketing among

others will make organizations to efficiently transform the business processes using a well-crafted service level agreement (Bronfenbrenner & Luce, 2004).

Outsourcing has allowed organizations to achieve a number of benefits ranging from the adoption of new technologies to being able to respond constantly to the customer needs due to variations in product demand. According to Akingbade (2015), outsourcing has changed from sourcing for efficiencies and improvements in a single process or activity, to processed reconfiguration in order to create value throughout the firms. Ansoff and McDonnell (2010) noted that outsourcing is still developing, it provides firms with an opportunity to grow , expand and develop the key functions and processes that are core and consequently improve efficiency, effectiveness and profitability.

2.6 Challenges of Outsourcing Strategy

Wrong or expanded utilization of outsourcing, regularly because of absence of intensity, has implied that many organizations enter a phase of decrease that can abandon them without the abilities and aptitudes important to contend (Ochweri, 2012). Outsourcing can have an essential influence in the decay of a nation since associations can get themselves compelled, both exclusively and corporately to enhance expenses and benefits, by the monetary control that vast expanded ventures practice over organizations with a lower-than-corporate-normal productivity. This circumstance can prompt an organization picking to outsource exercises that may prompt lost upper hand.

Notwithstanding, when the impact of administrations on upper hand is feeble, less control is required, in light of the fact that the organization does not run any incredible hazard by

outsourcing the administration as there can be no loss of upper hand (Kakabadse & Kakabadse, 2005). At a middle of the road level, the inquiry is not whether to make or purchase, but rather how to accomplish the coveted harmony between provider autonomy and motivations and buyer control and security (Kakabadse & Kakabadse, 2000). The administrations at this level have some impact on upper hand and can't be given to recently any supplier; the firm needs to keep up strict control over deliberately basic associations with its providers by shaping key organizations together or uncommon assentions that don't harm their upper hand.

An association's sourcing procedure should be reliable with focused conditions and the improvement of upper hand (Quinn & Hilmer, 1994). The transient ramifications of the sourcing technique can be surveyed by utilization of Porter's (1980) model of industry investigation. The examination demonstrates the adequacy of the sourcing system in meeting the structure of the business, yet in various ways it is a static investigation that does not investigate the ramifications of the procedure for asset use and consequently advancement, the impacts of (occasional) request variety upon the organization's utilization of assembling and shop limit, nor the capacity of the technique to react to the more drawn out term purchaser and focused changes that come to change the structure of an industry (Cilley et al., 2004).

2.7 Empirical Studies and Research Gaps

Since the 1990s, researchers from home and abroad have utilized numerous approaches to consider outsourcing and its effects on economy. For example, Valeria (2013) did an experimental examination of the impact components of China embrace outsourcing from the United States and Japan utilizing information from the International Input-Output

Tables, picked work inputs, assets gift, work efficiency, venture scale as illustrative variable, and brought up that work input factors has distinctive negative effect on outsourcing proportion rely upon various nations and diverse sorts of process; the impact of the proportion of assets enrichment on outsourcing is for the most part positive; work profitability effects affect diverse nations and diverse procedures; undertaking scale has certain negative impact for most outsourcing conduct (Bronfenbrenner and Luce, 2004).

Kohler (2004) considered outsourcing as a modification impact on monetary agreed to the marvel which last item value decay when factor cost changed in multi-arrange venture in Australia. He found that profitability of big business which has outsourcing exercises is clear higher than household industry undertaking efficiency. Grossman and Elhanan (2005) contend that the cost of market relative research, cost, and contract condition will create distinctive level of impact on the monetary impact of outsourcing.

An investigation by Jackson (2013) in South Africa contended that outsourcing, as a type of the free stream of global capital from remote exchange, creation and different parts of residential venture, impacts local organizations, and that the universal administration outsourcing is the fundamental main impetus of new items and administration, particularly for those endeavors which in a specific change stage, this nation ought to quicken advancement of the outsourcing business.

Kenani (2013) performed an investigation on the outsourcing strategy and performance of outsourced activities in cement industry in Kenya. The study adopted a cross-sectional survey research design. In addition, the study comprised all the cement manufacturing companies in Kenya. He found that the cement manufacturing firms being key

players in the country's economy adopted outsourcing strategy in order to maximize value for money on their operational processes and increase business performance. The firms have attained this as they have benefited in enhanced efficiency, improved focus on core competencies and enhanced competitive advantage.

Joseline (2015) carried out an investigation into the effects of outsourcing of accounting services on financial performance of savings and credit cooperatives in Kenya. Regression analysis was used to calculate the relationship between outsourcing and performance of SACCOs. She found that outsourcing of accounting services does limit the performance of the SACCOs. This may be attributed to the various risks like legal and reputational risks that do expose the SACCOs legal expense and a possibility of lawsuits if they are not in compliance and a negative opinion that the public may have due to the poor performance of the SACCOS respectively.

Lutta (2003) assessed how the company implemented outsourcing of its non-core logistics activities in EABL, Kenya. He found that outsourcing worked in EABL because the company had demonstrated a culture of transparency and openness throughout the process. He further found that discussions with the potential suppliers were held very openly and the attitude taken was that of the equals, it was a clear partnership approach. When performance targets are raised and achieved continuously it is time to raise the bar. Communication all-round in regard of the contract ensures that all parties are informed of all the developments.

Furthermore, Mary (2010) investigated the challenges of implementing business outsourcing strategy in East Africa Breweries in Kenya. The research was carried out

using case study design. Qualitative data analysis techniques was employed to process and analyze the data obtained from the field. He found that that outsourcing is largely practiced in East Africa Breweries (K.) Ltd. Outsourced functions are quite a number as reflected in the study results above. Many non-core functions of the company are outsourced.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the methodological approach to the study. It focused on study design which was used, population under investigation, sampling techniques, the sample size and sampling procedures which was followed. It also described data collection tools, method of data analysis, tools for data analysis and procedure for data presentation.

3.2 Research design

The research used a case study research design. Fisher (2007) defines a case study as an experimental investigation that explores an existing marvel within its real-life setting. According to Creswell (2003), the exploration takes place particularly in situations where there is no clear evidence amongst marvel and situation.

Creswell (2003) explains a case study as a research strategy which involves detailed investigation of phenomena where the aim is to understand how behavior and/or processes are influenced by and influence context, and where context is deliberately part of the design. Moreover, it is a study in gaining detailed information by using triangulation in data collection during a period of time. This shall help the researcher monitor the behavior of the variables and hence present an opportunity to challenge theoretical assumptions. The design of the study involved examining the process of outsourcing strategy, challenges and ways of mitigating them at Kenya's East African Breweries. It is therefore most appropriate to use case study design since the study seeks to examine the practices of a single sector.

3.3 Data Collection

The study used qualitative data which was derived through semi-structured interviews. The Key Informants Interviews comprised four (4) respondents from the Departments in Procurement, Manufacturing, Warehousing, Transportation, Distribution, Sales and Finance at East African Breweries Limited, thus making a sample size of 21 respondents.

In depth interviews was used for data collection. According to UNDP (2002), interviews helps the researcher to fully understand participants' impressions or experience, and also assess perception, views and satisfaction of beneficiaries. Also interviews allows interviewer to probe, explain or help clarify questions increasing the likelihood of useful responses.

3.4 Data Analysis

The data gathered was analyzed using content analysis. Content analysis is a qualitative analysis method for the systematic description of behavior, asking who, what, when, where and how questions within explicitly formulated systematic rules to limit the effects of analyst bias (Kombo & Tromp, 2006).

It involves observation and detailed description of objects, items or things that comprise the study. This technique helped the researcher to provide knowledge and facts and practical guide with regard to outsourcing strategy at East African Breweries Limited, Kenya. Additionally, this method made it possible to analyze and logically group the large quantity of data and compile the rest of the study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the analyzed data from the field. The study sought to determine the process of outsourcing strategy and the challenges associated with its East African Breweries Limited, Kenya. Data was collected through interview guides and analyzed using content analysis. All the respondents were interviewed making a response rate of 100%. The high response rate was attributed to the aggressive follow-ups on appointments despite their busy schedules.

4.2 General Information

The study sought information about the positions held by the respondents in order to ascertain their ability in responding to the interviews. From the findings, it was noted that respondents were from the procurement, manufacturing, warehousing, transportation, distribution, sales and finance departments. The study further sought to find out the years respondents had worked in the organisation. It was found that all the respondents had worked for a period of more than 6 years since they had benefited from internal promotions. Respondents ranged between 30 – 45 years old.

4.3 Application of Outsourcing Strategy

They study sought information on which criteria EABL use in selecting outsourcing candidate. The interviewees cited that the people involved in the outsourcing decision-making process are the management team directly involved with the company's strategic decisions and the head of department whose department seeks to outsource its activities. The study further sought information on why EABL adopted outsourcing strategy. From

the responses, outsourcing reduces cost by engaging in the core functions and leaving non-core function to the external service providers. The cost is highly negotiated to be able to reduce operational cost of the company.

Transport manager explained that in order to access professional skills and expertise in areas where the company does not have them internally, it's good to approach transportation professional service providers. The company would rather outsource than training staff to be able to meet the standards of the outsourced. When selecting the right service provider, the technical evaluation is done which considers to look at all aspect of the company including the capability of the company to deliver the service required. Outsourcing services gives the company enough time to focus on the core functions of the organization to be able to meet the company objectives. As a result, the company will be able to satisfy the customers and be efficient on service and product delivery.

The study sought information on the activities the company had outsourced. From the responses, the interviewees were unanimous that the company had outsourced transportation of products from the factory to the depots, clearing and forwarding of all international shipments, Catering, Security, Drinking water, Contracted Staff, Travel, Courier Services, Payroll Processing and IT help desk.

The study deemed to understand the factors that influenced the choice of activities/processes/services to be outsourced by the company. An analysis of data revealed that cost reduction is one of the biggest factors that the organization considers when making an outsourcing decision. The company seeks to establish whether it is cheaper for them to outsource the activity or to include as part of its internal operations.

The main aim here is to gain access and by extension competitive advantage through economies of scale or expertise. Another factor that was identified as influencing the outsourcing decision is a move towards a change of existing financial and cost structures. The company has been continually seeking to change its costs structure from largely fixed costs to variable costs. Respondents also identified the need to produce better quality services for their customers. The need to meet uneven demand or to gain access to resources that are not readily available internally was cited as another factor of consideration.

In response on the factors that were not imminent during outsourcing decision-making time but are now important and should be considered before outsourcing, respondents identified dependence on the supplier as one of the most important factors that should have been considered before engaging with vendors in a contractual agreement. Respondents indicated that a better analysis should have been done to ascertain whether a dependence on the supplier would not be imminent. It was established that ample consideration was not given to the fact that by outsourcing, the organization loses the ability to nurture those skills internally, and hence they are forced to depend on the supplier for such activities. Potential loss of intellectual property, issues of confidentiality as the organization is forced to share some of its information to the suppliers, loss of flexibility and redundancy of some jobs and processes were factors that come out clearly which were not imminent during outsourcing decision-making.

4.3.1 Benefits of Outsourcing Strategy at EABL

To the question on the benefits of outsourcing strategy, the interviewees cited that there is cost cutting since the company can acquire new technology cheaply from the service

providers since the cost incurred in-house to develop and implement a software is very expensive and also the costs of running some of the operational activities in-house are very expensive, the risks of failure are minimal in implementing a new system since the service providers have already tested the systems in the market, there is efficiency since the service providers have expertise and experience hence enhancing efficiency in their operations and the company is gaining from the service providers who bring new ideas since they are more experienced in their particular fields of operation. There is also flexibility in terms of operation since the firm can adjust its manpower requirement with the business requirement in the market and also management has time to focus on core business activities of the firm since they are not involved in the supervision of service provider's staffs.

The study revealed that increased productivity and efficiency are other success factors that can be attributed to the outsourcing decision. Outsourcing not only brings cost advantages but can also improve the efficiency of business operations. If business goals are properly aligned with the deliverables in outsourcing, productivity and efficiency will most likely increase. If the vendors that the organization chooses to contract have the right expertise and experience, they go a long way in helping to streamline business processes and contribute to the bottom-line.

Outsourcing has also helped the organization to spread the risks that are associated with doing business. Respondents cited an example of a situation where they have contracted DHL and SDV Transamy to handle the distribution of mail, stationery, furniture, beer and any other items across the branches and depots of the organization across Kenya. This distribution of risk gives the company room to not only focus on its core competency but

they also spread the risk of loss, damage or liability that may occur in the course of transporting the items to the different branches.

Respondents also cited improved customer service as one of the benefits of outsourcing. With vendors producing higher quality goods and services, customer satisfaction and retention subsequently increases. Customer service is paramount to any organization. Through outsourcing the organization is able to service your customers faster, provide better quality and decrease turnaround time. Through outsourcing the organization is able to identify the skills necessary to run a particular business process, the business is therefore much more flexible in investing in key resources. Instead of worrying about hiring people for non-core operations, focus is placed on getting resources to grow the core competencies of the organization. In instances where the organization requires to undertake a project but lacks the capacity internally to handle said project, outsourcing provides the organization with the option of getting the job done without having to recruit staff to do the job.

Operational control was also cited by respondents as an accrued benefit of the outsourcing process. The organization may outsource operations whose costs are affecting the bottom line. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing, HR addition, an outsourcing company can bring better management skills to the company than what would otherwise be unavailable.

The study also showed that in certain periods where employee turnover is high, there is uncertainty and inconsistency in operations. Outsourcing has provided a level of

continuity to the company while reducing the risk that a substandard level of operation would bring to the organization. Outsourcing has brought tremendous benefits to the organization, but it also poses some challenges that cannot be easily brushed off. Respondents identified a number of challenges that the organization has faced in implementing outsourcing strategy. The implementation process is the most difficult step in the outsourcing process as in all other strategies.

4.4 Challenges of Outsourcing Strategy at EABL

In order to understand fully the challenge experienced by EABL on the outsourced companies, interviews were conducted to unearth the challenges. The study sought information on how outsourcing strategy result in any job losses and leads to the uncertainty or change of environment in the organisation. The interviewees revealed that many internal staff develop a lot of fear to lose their jobs since outsourcing creates uncertainty on the future of their jobs. When staff get information, they are demotivated and the morale at work normally becomes low. Resistance to change is experienced in the organization. Most of the staffs are resistant to changes, they would like to stay on their comfort zone without any change only doing the same and similar work. Human resource is a very important resource in an organization and if performance is not good then the organization do not meet the set objectives. It leads to high staff mobility to other companies and even to the competitors.

The study sought information on how bringing in-source after conflicts is a challenge in outsourcing. It was revealed that in the selection process most of the evaluators are not fair and transparent as it's supposed to be. Procurement process is corrupted until the best vendor may not be the one to be awarded for the organization. Therefore, the outsourced

service provider may not be meeting all the evaluation criteria. Services provided when they start implementing the SLAS will not be able to meet the standards set therefore cost is higher and do not meet customer expectation leading to inefficiency.

The study revealed that the outsourced companies are not fully committed to the goals of the organization. This is normally because of being involved with many companies. The outsourced company having its core function different from the outsourcing company may not own the function which they are delegated to do. They only try to meet their goals set for them but not being innovative to be able to meet the changes in the environments.

It was noted that loss of control of the function that is outsourced by the management is a major challenge. This is due to outsourced company being too independent when doing the non-core functions. They have their own structures and management. This would cause disintegration and detachment from the organization. Information security and confidentiality is lost. Organizations information is linked to the outsourced company and therefore no confidentiality. This leads to opening up to stiff competition and also company losing information to competitors. It is a very high risk to a company if company's confidential information links to the outside.

Learning process of outsourced service provider takes a longer time. To learn and understand the organization (EABL) takes too long for the outsourced vendor. EABL do not have clear policy on training outsourced company to understand his operations, systems and procedures. Most respondents reported that this planning time may take even two years hence complementing the benefits of outsourcing. The outsourced service

provider starts the project with very little or no knowledge of the organization. This is very crucial for the vendor to be able to deliver according to the standards required by the organization. When clear understanding of the organization lacks then outsourced company would be working without being focused on the needs of the customers who are the reason why company performs well and have high profit margins.

Outsourced companies are reportedly resisting change that come with providing services to EABL. EABL has established strong and efficient structures and most outsourced services providers do not have equivalent structural arrangements that are easily align able to EABL structures and operational management procedures. Most outsourced companies are small and still growing and therefore do not have operational and management systems.

The level of technology in terms of technological advancement EABL status is not favorable compared with those of the outsourced company. This scenario has always compromised the credibility and the advantages of the outsourced services. The study reviewed that the outsourced labor force psychologically think that they are working for EABL and not the various outsourced service providers. This would later bring up trade union issues.

Most outsourced companies are operating in different business culture. The cultural gap of EABL and outsourced companies are always in variance. Over the years EABL developed a culture of efficiency, timeless, consumer centric, profitability, low cost, high product quality among others. Most outsourced companies are small in size with developed management cultures embracing the above.

Most outsourced companies are not committed to providing the actual outsourced services because of their historical background where most businesses are family business where if the owner manager is not there then the staff will not be there. In Kenya most of the outsourced companies are family businesses. This would result to inefficiency in doing business with the outsourced service provider.

Most outsource companies provide low quality, untrained cadre of staff, even where the maximum acceptable qualification has been agreed upon and service level agreements set prior to signing the outsourcing contract. It forces EABL to consistently call upon the outsourced company's get their staff trained and retrain to meet the standards of services delivery as expected by EABL. Most outsourcing companies have no appreciation for training of their staff and have no budget for the same.

Most outsourced companies do not integrate well with big companies like EABL. Normally they operate at arm's length with EABL making operational costs to increase on the part of EABL. They are detached from EABL. Developing the correct partnership with the requisite management structures requires money and time which are scarce in a competitive environment and most outsourced companies have no capacity to develop structures.

The study looked at the complains of the organization about the outsourced company. It was revealed that the payment terms of 60 days after delivery was the major complain of the vendor. EABL committing the service provider to be paid after two months after delivering the service. They argued that it was a difficult situation because they needed to pay their staff end of every month. As some of the outsourced companies are still at the

infant stage it was becoming difficult for them with the existing mode of payment. They indicated that they experienced low margins or returns in the process of doing business with EABL. The company would highly negotiate for big discounts from the vendor thus putting pressure on the outsourced service provider.

4.4.1 Overcoming Challenges of Outsourcing Strategy

The study sought information on how the firm has managed to resolve the challenges. It was revealed that the company has established clear and detailed service level agreements. The service level agreements (SLAs) are discussed by various user department concerning harmonizing the agreements. After the SLAs have been drawn then the service provider normally is called for meetings to discuss the service level agreements and make sure that the service provider understands the details of what is required of them. Communication in writing is done to the vendors reflecting the detailed services level agreements to sign reflecting that he has agreed in them. EABL has used project collaboration tool. It helps in centralization of communication across all stakeholders between EABL and the outsourced company.

Each outsourced service providers are assigned a manager well defined with an establish model in place. This project manager of the (EABL) coordinates the work of the outsourced services provider of the project. Reports are done by the manager about the performance, evaluation and standards of the service provider by the project manager. Any communication from outsourced companies passed through him and escalated to the EABL management.

Training of the outsourced company staff to develop them to be more efficient and skilled work. Short courses and regular in-house trainings are organized by EABL for the outsourced staff. Regular meetings on weekly basis are organized by EABL manager in charge of outsource service with outsource company to discuss all matters arising during the week and also achievement for the outsourced company.

The study sought to find out suggestions by the interviewees on the ways to overcome the challenges of outsourcing. The interviewees suggested that high quality control measures should be put in place to be able to monitor the performance of the outsourced staff so that customers are satisfied. Some control measures should be system based and evaluate customer satisfaction. Research should be carried out to make sure that the end customer is satisfied. The outsourced employees should be integrated to in-house operating system to facilitate efficient delivery and high standards customer satisfaction. The organization should try to work with the outsourced like a partner.

In overcoming the complains of the organization about the outsourced company, the complains are sorted out by the company by making arrangement with the banks. The banks to process service provider's payments after delivery of the service at a certain commission which is paid by the vendor to the bank. This is called supplier financing arrangements with the bank to pay service providers as per their requirement on a commission. Complains of the Outsourced Service Provider. This process with the bank has sorted out the complain of the 60 days payment terms. Monthly and quarterly review with the service provider and this would also provide a forum to bring up there complains as well as for discussions of how the contract is being managed.

4.5 Discussion of Findings

The objectives of the study were to determine the application of outsourcing strategy at East African Breweries Limited, Kenya; and determine the challenges associated with outsourcing strategy at East African Breweries Limited, Kenya.

The study revealed that EABL has adopted outsourcing strategy in most of its departments including procurement, manufacturing, warehousing, transportation, distribution, sales and finance departments. The firm has used outsourcing as a corporate strategy, which implies an attempt to change in the most efficient way, a company's strength relative to that of its competitor. Hill and Jones (2001) argue that the strategies in an organisation have a major impact on its performance relative to its competitors.

The study revealed that outsourcing reduces cost by engaging in the core functions and leaving non-core function to the external service providers. The cost is highly negotiated to be able to reduce operational cost of the company. Organizations are driven into making outsourcing decisions as a result of costs, technology and knowledge enhancement considerations (Gottschalk, 2001). The primary motive of outsourcing strategy is therefore to save costs within the organization. Implementing a fruitful outsourcing system includes an investigation of various measurements incorporating relative capacity all the while, commitment of the procedure to upper hand and the potential for advantage from outsourcing the procedure (Hills & Jones, 2001). In theory, Transaction Cost Theory states that a company can be characterized in a way which is both viable and impeccable with the likelihood of substitution at the edge, so instruments of conventional financial examination apply (Coase, 1937).

The study revealed that change of existing financial and cost structures influenced the outsourcing decision. EABL had been continually seeking to change its costs structure from largely fixed costs to variable costs. The study reveals that EABL was highly based on cost cutting, access to superior quality from service providers, flexibility in terms of operations requirements and also increased focus upon set of core activities which enhance service delivery in the market giving them a competitive advantage in the market. This confirms that EABL's decision to outsource is to satisfy the three strategic intent which are strategic improvement, strategic business impact and strategic commercial exploitation for the firm. According to Bronfenbrenner and Luce (2004), outsourcing can add to productivity by empowering the firm individuals to pick up an aggressive edge if well managed, and focus on center business works by enhancing item, enhanced client benefit, wandering into new markets and giving quality assets.

The study revealed that some of the challenges facing EABL in its outsourcing strategy included fear of loss of job within employees, outsourced companies not committed to the goals of the organization, loss of control of the function that is outsourced and Learning process of outsourced service provider takes a longer time. Kakabadse & Kakabadse (2000) argue that frequent absence of formal policy guidelines can allow the incremental loss of key competence to take place and hence undermine capability leading to loss of critical skills, cross function working and creation of the hollow corporation.

McCray (2008) argued that you can choose blue chip service providers and sign innovative, iron clad, risk-sharing contracts but still not achieve successful results if you underestimate the importance of change management and governance in outsourcing. Change management and governance are critical business issues in outsourcing agreements because poor planning and execution as well as cultural intransigence could lead to failure in achieving intended benefits.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings, recommendation made, limitations of the study and suggestion for further research. The conclusions and recommendations drawn are in line with the research objectives which were to: determine the application of outsourcing strategy at East African Breweries Limited, Kenya; and determine the challenges associated with outsourcing strategy at East African Breweries Limited, Kenya.

5.2 Summary of Findings

The study investigated the application of outsourcing strategy at east African Breweries limited, Kenya. Data was collected through interview guides from the procurement, manufacturing, warehousing, transportation, distribution, sales and finance departments and analyzed using content analysis. This section presents the summary of the findings.

5.2.1 Application of Outsourcing Strategy at East African Breweries Limited

The study revealed that EABL had outsourced transportation of products from the factory to the depots, clearing and forwarding of all international shipments, Catering, Security, Drinking water, Contracted Staff, Travel, Courier Services, Payroll Processing and IT help desk. The decision to outsource was influenced by cost reduction, a move towards a change of existing financial and cost structures, the need to produce better quality

services for their customers and the need to meet uneven demand or to gain access to resources that are not readily available internally.

The study revealed that among the benefits EABL received as a result of outsourcing include cost cutting, increased productivity and efficiency, spread the risks that are associated with doing business, improved customer service and operational control. The study also showed that in certain periods where employee turnover is high, there is uncertainty and inconsistency in operations. Outsourcing has provided a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the organization.

The study found that outsourcing reduces cost of operations. In order to access professional skills and expertise in areas where the company does not have internally, it's good to approach transportation professional service providers. This is because training of employees consumes time and resources that can be saved by outsourcing professional service providers. Outsourcing services gives the company enough time to focus on the core functions of the organization to be able to meet the company objectives. As a result, the company will be able to satisfy the customers and be efficient on service and product delivery.

5.2.2 Challenges Associated with Outsourcing Strategy at East African Breweries Limited, Kenya.

The study indicated that many internal staff develop a lot of fear to lose their jobs since they will have uncertainty on the future of their jobs. As a result, resistance to change is experienced in the organization. It was revealed that in the selection process most of the

evaluators are not fair and transparent as is expected. Procurement process is corrupted to the point that the best vendor may not be the one to be awarded the contract. The study revealed that the outsourced companies are not fully committed to the goals of the organization. This is normally because of being involved with many companies.

The study showed that loss of control of the function that is outsourced by the management is a major challenge. This is due to outsourced company being too independent when doing the non-core functions. They have their own structures and management. Learning process of outsourced service provider takes a longer time. To learn and understand the organization (EABL) takes too long for the outsourced vendor. Outsourced service provider takes a longer time to learn and understand the organization. The level of technology in terms of technological advancement EABL status is not favorable compared with those of the outsourced company.

5.3 Conclusion

From the research findings, the researcher concludes that outsourced activities are non-core to the business while some are core to the overall operation of the business. The decisions to outsource were highly influenced by cost reduction, a move towards a change of existing financial and cost structures and the need to produce better quality services.

The study also concludes that EABL benefits from the outsourcing strategy. Among the benefits include increased productivity and efficiency, spread of risks and improved customer service. Outsourcing has provided a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the organization.

The study concludes that outsourcing services gives the company enough time to focus on the core functions of the organization to be able to meet the company objectives.

Finally, the study concludes that fear to lose jobs, resistance to change corrupt company selection process and partial commitment to goals of the organization by outsourced companies are some of the challenges associated with outsourcing. Loss of control of the function that is outsourced and over reliance on the outsourced company also is a challenge faced by EABL.

5.4 Recommendations

In as much as outsourcing has its benefits, there are challenges that are associated with outsourcing. It is imperative that outsourcing in EABL be undertaken after good planning and cost benefit analysis is done. The company should first conduct a cost benefits analysis of outsourcing process before engaging in outsourcing. The organization should develop clear criteria on the choice of the service provider. The organization should be ready to address in details the challenges and how to overcome those challenges. This will limit problems associated with outsourcing.

The organization needs to train outsourced staff before they are engaged at work so that they can be able to integrate with EABL cultures and systems instead of leaving them to the outsourced agency.

Challenges of outsourcing in EABL should be addressed by the management so that outsourcing adds value to the company. The management should also try to find out the solutions of the challenges of outsourcing in EABL. The findings of this study are not

fully exhaustive and therefore there is need to carry out further research on the long-term impact of outsourcing and the solutions of the challenges of outsourcing.

5.5 Limitations of the study

Time was a major limitation of this study as it could not allow the study to undertake more than one firm. It would have been more interesting to do a comparative case study on more than one firm of similar nature and magnitude.

Resources were limited which could not allow the study to be undertaken in more than one company and in a number of different sectors of the Kenyan economy. The results of the study are limited to East Africa breweries in Kenya and therefore the results cannot be generalized for East Africa Breweries in Uganda and Tanzania or any other subsidiary companies in Kenya for example the findings may not apply to central glass industries which is a subsidiary of EABL.

5.6 Suggestions for further research

The first limitation of the study was limited time. The study suggests that more time should be given into this study in future in various organizations and allow comparative case study on more than one firm of similar nature and magnitude.

The second limitation was also on resource limitation which could not allow a wider study into EABL companies in East Africa. The study therefore suggests that further study be done in East Africa Breweries in Uganda and Tanzania or any other subsidiary companies in Kenya.

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APPENDICES

Appendix One: Interview Guide

Part 1: General Information

1. What is your title/position?
2. How long have you worked in this organization?
3. How old are you?

Part II: Outsourcing Strategy

4. Briefly explain why your company adopted outsourcing
5. How was your company carrying out its business before the application of outsourcing?
6. Which activities has your company outsourced?
7. What are some of the factors that influenced the choice of activities/processes/services that are outsourced in your company?
8. What factors were not imminent during outsourcing decision-making time but are now important and should be considered before outsourcing?
9. What impact has outsourcing had in your operations?
10. How has internal business processes improved as a result of outsourcing?

Part III: Benefits of Outsourcing Strategy

11. What are some of the notable advantages of outsourcing?

12. Which criteria does your organization use in selecting outsourcing candidate?
13. Please explain in which way outsourcing activities has enhanced firm's technical capacity.
14. Explain how the organisation regard outsourcing is the way for achievement of re-engineering acceleration?
15. Elaborate how outsourcing promote growth of an institution?
16. How does outsourcing affect productivity?

Part IV: Challenges of Outsourcing Strategy

17. In your opinion, how does outsourcing lead to uncertainty/Changing environment?
18. Please indicate how bringing in-source after conflicts is a challenge in outsourcing
19. Explain how outsourcing decision result in any job losses?
20. What are some of the challenges facing your firm in its outsourcing venture?
21. How has the firm managed to resolve the challenges mentioned above?
22. What are your suggestions on the ways to overcome the challenges of outsourcing?
23. What are complains of the organization about the outsourced company?
24. How has the organization tried to sort out those complains?