

EFFECTS OF OUTSOURCING STRATEGY ON PROCUREMENT PERFORMANCE AMONG UNIVERSITIES IN KENYA

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Abstract

The main objective of the study is to determine the effects of outsourcing strategy on procurement performance among Universities in Kenya. The study found that contracting, comprehensive outsourcing, licensing agreement and selective outsourcing strategies were main determinants of procurement performance of universities in Kenya. The target population was all university (66) entities in Kenya while the sample population was 336 respondents. This study collected both primary and secondary data. Data was analyzed using the Statistical Package for Social Sciences (SPSS) version 21, due to its ability to predict for identifying groups such as factor analysis, descriptive statistics, cross tabulation, frequencies, as well as bivariate statistics such as Means, ANOVA and Correlation tests. The study recommend that universities should put more emphasis on training and information sharing in order to improve procurement performance, all procurement process should be automated so as to reduce the error rates and discrepancies in the process and align their procurement procedures to Public Procurement and Disposal Act since efficient procurement process could be used as competitive advantage.

Keywords: Outsourcing, Performance, Business Process Outsourcing, Procurement, Institutions

INTRODUCTION

Organizations are facing turbulent times due to changes in economic conditions, globalization and rapidly advancing technological advances (Stewart, 2007). To cope with these changes, organizations are seeking solutions and one of the most publicized strategies in recent times is outsourcing. Outsourcing is a complex term as it embodies several descriptions and generally refers to the relocation of jobs (Cubides, 2006). Essentially, outsourcing is the transfer of services or functions previously performed within the organization to a provider outside of the organization and are increasingly key components in many business strategies (Hern & Burke, 2006). In today's world of ever increasing competition, organizations are forced to look for new ways to generate value. The world has embraced the phenomenon of outsourcing and companies have adopted its principles to help them expand into other markets (Bender, 2009). Strategic management of outsourcing is perhaps the most powerful tool in management, and outsourcing of innovation is its frontier (Quinn, 2010).

Procurement outsourcing is the transfer of specified key procurement activities relating to sourcing and supplier management to a third party perhaps to reduce overall costs or maybe to tighten the company's focus on its core competencies. Procurement performance in outsourcing constitutes a growing dimension of corporate procurement strategy. To date, procurement outsourcing has mostly been limited to the transactional purchase-to-pay process rather than the more strategic aspects of procurement. However, research by The Hackett Group, a leading global strategy and operations consulting firm, indicates that major companies will likely expand the scope of procurement outsourcing in the coming years (Lankford and Parsa, 2009).

If procurement outsourcing is to yield the expected benefits, its adopters will need to carefully weigh the comparative costs and risks of insourcing vs. outsourcing across specific procurement activities, manage the potential risks, and ensure that sufficient effort goes into process design and optimization (Yang, Seongcheol, Changi & Jawon, 2007). Outsourcing allows firms to focus on their own core competences by relocating limited resources to strengthen their core product or service and to strategically use outside vendors to perform service activities that traditionally have been internal functions (Elmuti, 2004). Several studies on outsourcing (Densai & Thompson & Hayes & Baiye, 2012) have all confirmed that outsourcing is a business strategy in which one or more of a company's business process is contracted out to an outside service provider with the intention of reducing operating cost and focusing on core competencies of the firm.

In today's business environment it is important for most organizations to identify their core business competencies and focus on these for their procurement performance. This can

assist organizations in outsourcing services to achieve the desired objectives of the organization. However, the view of Butler (2011) indicates that outsourcing is the shifting of a function either in whole or in part from a main organization to a third party.

Outsourcing Strategies in Practice

Outsourcing is the most complex, strategic, long term, and demanding relationship one can have with a supplier. A comprehensive outsourcing deal means that an organization is engaging with a training partner for a multi-year period to strategically manage a comprehensive set of processes across all functional process areas of the training organization. Both parties are willing to commit dedicated resources to the deal which means both organizations involved are committing people and financials over an extended period of time. Comprehensive does not imply that the supplier does everything associated with training for the company. BPO contracts consist of a master services agreement (MSA), multiple service level agreements (SLA), and many statements of work (SOW) (Hayes, 2012).

In selective outsourcing, one engage a training partner to manage multiple processes within one functional area of training (administration, content, delivery, or technology) but not processes across functional areas. Here one may contract with a supplier for the next three years to manage all custom content development activities for a product like e-learning courses. But the supplier would not deliver any courses, manage registration or admin services related to this training, nor host or support the courses online. Contracts for selective BPO deals are similar in that there is an MSA, SLA, and SOW's, but they are somewhat less complicated because there are fewer processes involved (Handfield, 2012).

Digital Equipment Corporation (now owned by Compaq) when it signed many selective outsourcing deals with customers; often wins deals against major competitors because of their willingness to support modular outsourcing. Examples of DEC deals include: a five-year contract with Perkin Elmer, a scientific instrument manufacturer, to run the data centre; a three-year contract with Dow Chemical for help desk operations; a contract with GE Aircraft for midrange computers. DEC sees such selective outsourcing contracts as entrées to more business once they prove themselves on smaller deals. In 2007 GE aircraft expanded the scope of the DEC contract to include management and support of Oracle operations. DEC-Japan is hoping to emulate this strategy to capture market share in Japan. During 2008 the Japanese financial crises has put Japanese corporations in a severe cost-cutting and outsourcing mode. Senior supplier managers have also pointed to this selective trend.

A survey of 1,000 US and UK universities found that selective outsourcing was successful (AuBuchon, 2012). In particular, respondents rated overall procurement performance

as “good”, respondents mostly realized the benefits they expected from outsourcing, and respondents characterized the majority of problems/issues as only “minor” in nature (AuBuchon, 2012).

Licensing agreements for technology usually take the form of software as a service (SaaS) contracts. When the cost of implementation and set-up are high, these deals are often times multi-year. This allows the client to amortize costs over longer periods of time. When these costs are low, deals often take the shape of month to month. For example, licensing agreements for an LMS/LCMS tends to be multi-year because of the integration required in set-up, where licenses for authoring and delivery platforms tend to be month to month. Contracts for license agreements are generally purchase orders with defined terms and a unit price in the form of price per time (Hayes, 2012).

AuBuchon, (2012) indicate that in selective BPO, the types of services most commonly outsourced are programming, mainframe operations, education and training, PC maintenance, disaster recovery, and data entry. Although surveys rank-order the most commonly outsourced IT activities differently, these same activities surface again and again. No surveys found that companies systematically outsource strategic planning, IT management, or customer liaisons.

Procurement performance among universities in Kenya

Kenyan Universities, both public and private, have embarked on a rapid expansion of their programmes and decentralization of campuses leading to rising enrolment rates despite diminishing financial resources. 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. Over the years, the government has placed great emphasis on education whose role in promoting socio-economic and political development cannot be gainsaid whatsoever (Sifuna, 2008). Indeed, that is why the government has been keen to rapidly expand university which as in the recent past posed serious challenges to the leaders and managers of the universities.

The failure to establish performance of the procurement function among universities in Kenya has led to irregular and biased decisions that have costly consequences to every entity. The need to have coherent methods of performance of the procurement function in public entities, particularly in Kenya, has never been as sound as it is now. However, it is important that appropriate performances are implemented. The issue of basing on financial performance and neglecting or ignoring non-financial performance is not helping the procurement function because only partial performance is considered (Lardenoije, Van Raaij, & Van Weele, 2011).

However, as Cheboi (2010) observed, the government has been facing constraints in funding the universities and foreign partnerships and financing have played a crucial role in alleviating the universities' financial shortcomings (Kiptoo, 2010). Nevertheless, 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 in their attempts to be frugal in expenditure, they have considered "outsourcing" as an option in their efforts to cut costs, improve efficiency and meet the demands for greater accountability.

Global Perspective on Procurement Performance among University

Several studies have investigated the effects of outsourcing practice on procurement performance of university institutions around the world (Elmuti, 2010; Khaki & Rasidi & Jiang et al. & Arvanitis & Loukis & Smith, 2012). The study of Elmuti (2010) investigated the perceived impact of outsourcing on organizational procurement performance in the USA universities. This study examined the relationships between outsourcing strategies and organizational performance in 150 schools of higher learning widely spread in the USA. It further assessed the procurement performance of outsourcing strategies in use by these organizations as well as their organizational performance. Productivity, quality, satisfaction and market performance (market share, return on investment, and return on sales) are the procurement performance variables investigated in this study.

This study is relevant in terms of these performance measures for the organizations. Among the organizational performance measures used by this study this present study draws on quality by measuring procurement performance of institutions service provision with quality education. Other researchers have identified several outsourcing issues, trends and strategies that institutions take in establishing and effectively managing their outsourcing activities (Sinderman 2010; Carney 2009). The trend is for outsourcing relationships to function more as partnerships. Outsourcing providers are taking increasing responsibility in realms that have traditionally remained in-house, such as corporate strategy, information management, business investment, and internal quality initiatives (Sinderman, 2010). A survey of U.S. CEOs shows that 42 percent of communication firms, 40 percent of computer manufactures, and 37 percent of semiconductor companies rely on global outsourcing (Sinderman, 2010).

According to another survey conducted by Duncan and Groves-Rowan (2007), more than 65 percent of banks surveyed indicated that they were already involved in at least one type of outsourcing function. The five most commonly used outsourcing functions in banking were

taxes, bankruptcy/foreclosures, systems, cashiering, and insurance. On the other hand Kotabe (2008) argues that there could be negative long-term consequences of outsourcing resulting from a company's dependence on independent suppliers.

As such, it appears that many factors such as pay level, promotional opportunities and demand uncertainty should be considered when deciding to outsource functions or activities. Other researchers have focused on outsourcing procurement performance measures (Kotabe, Murray & Javalagi 2008 and Goldstein (2009) identifies three types of performance measures as necessary components in any outsourcing performance measurement system: strategic measures; financial measures; and quality measures. Other studies use additional dimensions of procurement performance such as costs savings, cycle time, customer satisfaction, and productivity to measure the effectiveness of outsourcing strategy (Goldstein 2010; Malhorta 2007; Carney 2007). From a different perspective, obstacles such as poor choices of sourcing partners, inadequate planning and training/skills needed to manage outsourcing activities and poor organizational communication have also been identified as impacting the success of outsourcing projects.

Literature identifies high-level approaches to outsourcing strategies on procurement performance (Ogechi & Nyameino, 2010; Friedmann, 2006; London 2010), but not detailed methodologies. Further there is little empirical research investigating outsourcing performance implications (Klepps & Jones 2010; Kotabe & Murray 2008). Additionally, while consultants identify the success of their approach, they do not identify the failures or problems of their approach as readily (Mackler, 2009). Fewer studies have examined the outcomes of outsourcing activities.

Lau and Hurley (2007) find a significant relationship between outsourcing and profitability margin where they found that Chryslers profit margin is four times as high as that of GM due to effective outsourcing through strategic alliances. Frayer, Scannell, and Thomas (2010) suggest that companies are increasingly viewing outsourcing strategies as a means of reducing costs, increasing quality, and enhancing a firms overall competitive position. The increasing use of outsourcing arrangements, as well as the unfamiliar complexity, suggest the need to know more about how to effectively utilize this strategy. Consequently, more information is needed to understand successful outsourcing and problems encountered in outsourcing activities and its impact on overall organizational performance (Mackler, 2009).

Procurement Performance among Kenyan University

Ender and Mooney, (2011) sees outsourcing as a form of privatization that refers to a university's decision to contract with an external organization to provide a traditional campus

function or service. The contractor then either takes over the employees of the university in the outsourced section and pays the group according to its standards, or replaces the university employees with its own staff. Jefferies (2006) observes that the growing use of outsourcing in higher education reflects a general acceptance by campus administrators that it will reduce costs while continuing to provide essential university service.

He adds that the need to remain competitive and to improve service delivery in the face of declining resources has forced higher educational institutions to turn to several popular management approaches, including outsourcing. The reason for this is that it has often been emphasized by higher education policy makers and analysts that universities should concentrate on their “core business”, namely teaching and research (Barako & Gatere, 2008). The vetting of Performance Contracts at the beginning of the year and the evaluation of agency performance at the end of the year was done by a group of independent professionals. However, it appears that the members of this Ad-hoc Task Force who do the evaluation at the beginning of the year are not the same as those who do the evaluation at the end of the year. This needs to be corrected as the persons who do the evaluation must fully understand the rationale for the target setting. Thus, there are economies of scale in doing both tasks (Domberger, 2008).

For any organization to change its focus and become more competitive Amaratunga & Baldry (2012) suggest that performance is a key driver to improving quality of services while its absence or use of inappropriate means can act as a barrier to change and may lead to deterioration of the procurement performance and more so in an outsourcing strategy. Organizations which do not have better procurement performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley & Stroh, 2011, Amaratunga & Baldry, 2012 and CIPS Australia, 2005).

Measuring the performance of the procurement function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by Batenburg & Versendaal (2006). Until an organization measures procurement performance they will never know how well they are performing in outsourcing strategy and why they should measure procurement performance. Department of Public Works, Queensland Government (2006) identified four reasons for measuring procurement performance: firstly, it provides feedback on the extent to which the planned outcomes for procurement are being achieved in the organization. Secondly, it provides information for analysis and decision making. Thirdly, it provides information to executive

management about the effectiveness, efficiency, value and contributes to the recognition of the procurement function. And, lastly, it provides focus and motivation for procurement staff.

Statement of the Problem

Since outsourcing is a growing phenomenon, it is attracting increasing attention of researchers worldwide. However, despite the growing emphasis on outsourcing, several notable gaps in practice remain. Outsourcing initiatives of Kenyan universities often fall short of management's expectations. A survey by Synovate on procurement performance in outsourcing efforts among Kenyan universities, 66 percent of the outsourcing efforts were considered failures and 34 percent were considered successes. The survey found that one of the "deadly sins" that's underling in most failed outsourcing efforts in as a result of poor or no strategy applied. The same study argued that poor performance as a result of lack of outsourcing strategies will continue to be witnessed among Kenyan universities. Many facility service outsourcing problems can be traced a situation where the two parties don't have common interest.

Furthermore, due to an increase in national and international regulations and the risks, institutions are facing grow and risk management is explicitly demanded by suppliers, clients and states (Gonzales et al.2006). Dunn and Bradstreet Barometer of Global Outsourcing (2000) reports that between 20% and 25% of all outsourcing relationships fail in any two-year period and half of the relationships will fail within five years due to lack of adequate strategy leading to low procurement performance.

Outsourcing shows growth across in institutions of higher in global regions. The market has been taking off in schools from South America, parts of South East Asia, and Western Europe, all of which have previously resisted the trend. Thus across the 1997-2002 period IDC has predicted annual growth rates of 16% for Asia/Pacific, 20% for Latin America, 8% for Western Europe, 5% for Japan, 14% for Canada, and 26% for the rest of the world (Lankford & Parsa, 2009).

Most notably, the increased competition in the outsourcing market and a mounting customer experience base, have afforded customers the leverage to negotiate more favorable/flexible deals. Indeed the regions could have performed better with a superior outsourcing strategy. Due to this the universities in Kenya have adopted the concept of outsourcing of non-core business to enhance efficiency and service quality to achieve overall organizational performance.

Objectives of the Study

- i. To determine how comprehensive business process outsourcing affect procurement performance among Universities in Kenya.
- ii. To determine how selective business process outsourcing affect procurement performance among Universities in Kenya.
- iii. To determine whether Licensing Agreement affects procurement performance among Universities in Kenya.
- iv. To find out how contracting affects procurement performance among Universities in Kenya.
- v. To find out the moderating effect of government policy on procurement performance among universities in Kenya.

Research questions

- i Does comprehensive business process outsourcing affect procurement performance among Universities in Kenya?
- ii Does selective business process outsourcing affect procurement performance among Universities in Kenya?
- iii Does Licensing agreement affect procurement performance among Universities in Kenya?
- iv Does contracting affect procurement performance among Universities in Kenya?
- v Does moderating effect of government policy affect procurement performance among universities in Kenya?

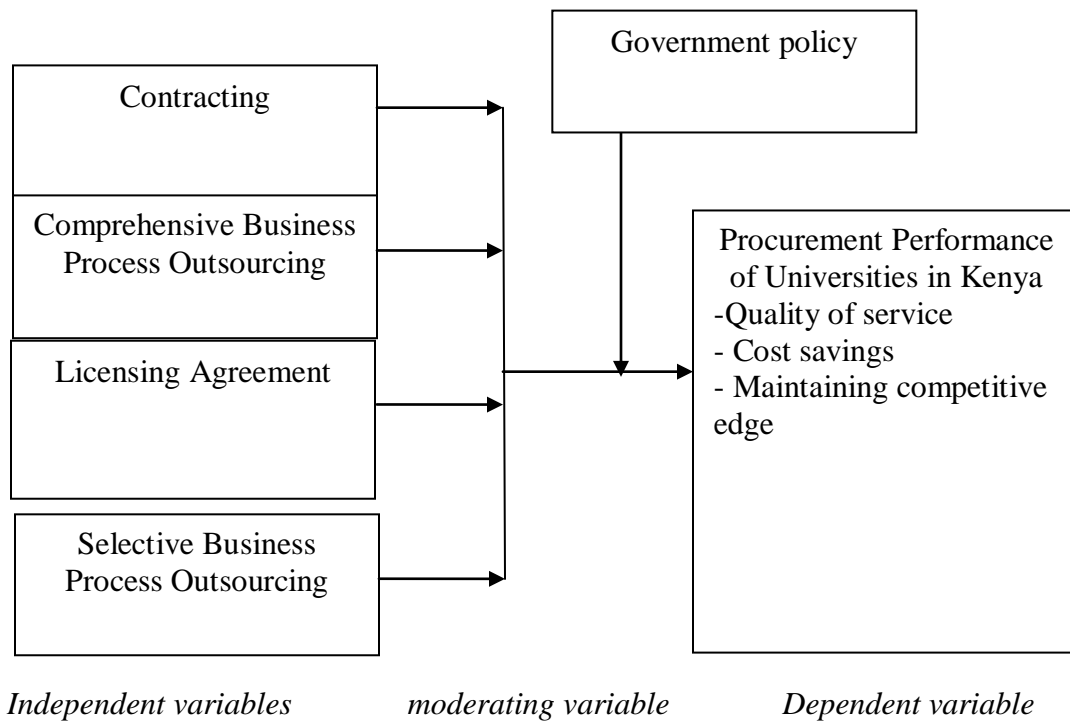
Scope of the study

The study will investigate the the effects of outsourcing strategy on procurement performance among Universities in Kenya. This study will be guided by the following objectives: to determine how comprehensive business process outsourcing affect procurement performance among Universities in Kenya; to determine effect of selective business process outsourcing on procurement performance of Universities in Kenya; to determine the effects of licensing agreement on procurement performance among Universities in Kenya, to find out the effects of contracting on procurement performance among Universities in Kenya and to find out the moderating effect of government policy on procurement performance among universities in Kenya. The study will cover all university entities in Kenya, which are registered and chartered by the commission for higher education. In total, there are 66 universities in Kenya according to the Commission for Higher Education Directory (2012/2013), and thus will be assumed to represent the views of the Universities in Kenya administration, students and employees spread out in the country.

Conceptual framework

The conceptual framework outlined below shows the outsourcing strategies on procurement performance among Universities in Kenya. A general conceptualization diagram as shown below illustrates that procurement performance is a dependent variable and outsourcing strategies independent variables while the government policy has a moderating effect on the outsourcing strategies and procurement performance.

Figure 1: Conceptual framework



Conceptualization of variables in relation to procurement performance

a) Contracting

Contracting out the activities is when an Organizations delegating to other organization the element of the demand chain in question. Typically, contracting out is used for fairly low-level ancillary services such as cleaning and managing washroom hygiene. This is a short-term, tactical solution, all too often initiated not because the process fits in with the organizations perspective of how it wants to develop strategically, but rather because it needs to find an urgent means of dealing with a problem (Manion, 2010).

Outsourcing contracts target a minimum of 15 % cost reductions, sometimes even going up to 20 or 25% (Lankford & Parsa, 2009) to achieve these targets, requires multi-year agreements so that economics of scale and cost cutting measures can take effect. Contracts are usually multi-million dollar deals with procurement performance clause (Manion, Baurkett & Wiffen, 2010). The pressure to keep bids low and to turn a profit over the lifetime of a contract leads contractors in outsourced services to cut the pay, pensions and terms and conditions of staff, leading in turn of deterioration in services. This represents a significant threat to the reputation of the university.

The decisions being made by the management of the university have far-reaching consequences. The university needs to get this right, now. As the representative bodies of all the staff and all the students consider mandating the university management to pause its competitive dialogue process, release to the unions the requisite financial information and actively address the unions' deep concerns about the failures of process thus far in order that we can move forward together in the spirit of collaboration for the future good and sustainability of our university (Biggso, 2012).

b) Licensing Agreement

The property involved in a licensing agreement can be real, personal or intellectual. Almost always, there will be some consideration exchanged between the licensor and the licensee (Biggso & Aubuchon 2012). Licensing agreements can be an intangible but valuable asset in industries such as technology, biotechnology and publishing. These agreements are a large part of intellectual property law, particularly in terms of enforcement of copyrights, trademarks and patents (Biggso & Aubuchon 2012). In proprietary software, an end-user license agreement (EULA) or software license agreement is the contract between the licensor and purchaser, establishing the purchaser's right to use the software.

Many forms of contracts are only contained in digital form, and only presented to a user as a click-through where the user must "accept". As the user may not see the agreement until after he or she has already purchased the software, these documents may be contracts of adhesion. The installation of the software is conditional to the user clicking a button labelled "accept"(Biggso & Aubuchon, 2012). It is the policy of Clemson University to respect and adhere to all computer software copyrights and to adhere to the terms of all software licenses to which Clemson is a party. It is also the policy of Licensing to manage all software assets and to ensure that Clemson University installs and uses only legal software on its PCs (including portables) and servers. Unauthorized duplication of software may subject users and/or Clemson University to both civil and criminal penalties under the United States Copyright Act.

It is the policy of Licensing to acquire and distribute software in accordance with the software management policies of Licensing and the terms and conditions in any license agreement accompanying a particular software product (Johnston, 2006). Where the company created the software and owns the related IP rights, there are few problems related to giving the outsourcer a licence and enabling the latter to run the outsourced business unit as the company did before. It is advisable for the company to limit the right of use: first, to the extent necessary for the execution of services for the outsourced field of business; and second, with regard to duration by linking the term of the license to the term of the outsourcing relationship (Milgrom & Roberts, 2012). Where an exclusive license is in play, the initial licensing agreement will often already contain a clause allowing the licensee to transfer its rights in an outsourcing scenario. Where a company wants to keep the right of use of the software to continue to operate the outsourced business unit, one option is to give the outsourcer a sub-license. This is possible only if the main licensing agreement between the IP proprietor and the company contains a provision allowing the company to grant sub-licenses. Again, such right will often be included if the initial license is exclusive (Biggs & Aubuchon, 2012).

If not, it might be advisable for an outsourcer to get a direct license from the IP rights owner to ensure independency from the company as a sub-licensor. As an alternative, the company can ask for the initial licensor's consent for the company to grant sublicences. This again will often affect the company's royalty obligations, as it widens the scope of rights granted to the company (Chyan & Jen-Bor, 2010).

c) Selective Business Process Outsourcing

Selective Outsourcing, also referred to as Selective BPO, is a sourcing strategy in which a training supplier is chosen to manage a select group of training processes related to administration, content, delivery or technology services. In Selective Outsourcing, the managed training processes can fall within one or more functional areas of training (Parsa, 2009).

Selective outsourcing involves outsourcing only part of an activity and performing the rest of the activity in-house. Selective outsourcing is generally more successful than total outsourcing for two main reasons. First, companies that outsource an entire activity tend to be constrained in their ability to control the supplier. This means that companies that outsource an entire activity no longer have a sufficient level of expertise in-house to control or manage their supplier. Second, when companies perform a part of the activity in-house, they have access to the operational knowledge and information required to design effective reporting systems. Hence, it is far more difficult for the supplier to behave opportunistically (Lankford and Parsa,

2009). The problem with total outsourcing, for instance, is suppliers may charge excess fees for services that are not included in the contract. They may also make promises knowing well that they will break these in an instant, should the benefits from breaking these promises exceed the costs or disadvantages.

Selective outsourcing tends to be successful on activities that are heterogeneous and a company's logistics operations are typically heterogeneous (Milgrom & Roberts, 2012). Logistics focuses on the organization of the flow of resources and information across the supply chain to meet the needs of customers. Examples of selective outsourcing work could include warehousing and transportation. Sears, Roebuck, and Co. provides an example of selective outsourcing. Selective outsourcing has proved generally successful, although the size of these deals warrants less public attention than mega-deals (Biggso and Aubuchon, 2012).

d) Comprehensive Business Process Outsourcing

Comprehensive Business process outsourcing (BPO) entails using third parties to deliver back-office support services such as finance, payroll (Worley, 2011). Business support services that have been outsourced by Universities such as secretarial and reception services, facilities management, accountancy services, IT services and provision, recruitment and human resources, cleaning, catering, library and information services including knowledge management services (Ogechi & Nyameino, 2010).

Business Process Outsourcing (BPO), as a new category of outsourcing, is generally taken as a common option in the business world. It can be involved in every possible business process and social sector, such as finance, human resource, health care, government and even Research and Development. This proposal uses the "theory of resource based view of the firm" to develop an understanding of the BPO phenomenon (Ogechi & Nyameino, 2010).

The role of "innovation" is examined in the BPO industry during the discussion of BPO global market, technologies, competitions and regional development in India and China. Besides cost savings, BPO vendors can also provide higher quality of service for the BPO clients. Integration of innovative knowledge helps to increase competitive advantage of both clients and vendors. The study provides an economic explanation and also a practical managerial reference for the young industry.

The literature on university library outsourcing in the USA has been written by librarians largely in response to the dismissal, in 2005, of the University library staff of Chicago, among the world's largest universities. It announced that it would close its library and obtain its information needs from an external library management company (Reuben, 2005). The decision generated tremendous interest in the nationwide legal community and concern among

University librarians (Altinkemer & Gulati, 2011). There was a fear that this was the beginning of a trend that could see the end of internal University libraries in the USA. For others, outsourcing could be employed by University librarians for particular projects, such as cataloguing but should not replace libraries (Johnston, 2010). The former vice-chancellor of Pillsbury, defended the outsourcing decision to those who were sure that the outsourcing failure of the Chicago University was sufficient proof that outsourcing was not an option that worked well for private University administration and security (Hammond, 2009), and urged colleagues to consider that outsourcing is not always a negative decision.

The decision to use an outside professional organization focusing entirely on security services was represented as a commitment by the firm to its institution. The implication that outsourcers could deliver superior services for University because they are focused entirely on that single services (while presumably in-house staff are not) is a common claim of outsourcing companies and is passionately refuted by University administration (Sifuna, 2008).

e) Government Policy

The government through the Ministry of Higher Education and Commission for Higher Education has instituted measures to ensure that a general regulatory framework is in place. These measures are to guide individual university administrators in implementing outsourcing in their institutions. Security and Cleaning are the major activities currently outsourced in many of these universities while the least outsourced activity is catering. Catering (provision of foodstuff) to students was unpopular with the universities because of the sensitivity associated with this service (Ogechi & Nyameino, 2010).

Kenya has undertaken steps to create a conducive environment for the economic growth needed for the BPO industry. The Government has put in place the National ICT policy (2006) and various legal frameworks that support the sector (Communication Amendment Act, 2009, Kenya Information and Communication Act cap 411 A, and its regulations).

Protection Act, 2012, Regulations 2010, Competition Act, 2010, drafted laws on Data Protection and Access to Information, because the existing ICT specific policy (Ogechi & Nyameino, 2010). Policy, legal and institutional reforms have also been undertaken in an effort to strengthen the local ICT sector. Among them is the enactment of the Kenya Communications (Amendment) Act of 2009, to mainstream e-commerce in the economy.

The Communication Commission of Kenya (CCK) is a converged regulatory authority for the information and communications sector (including broadcasting, multimedia, telecommunications and postal services) and electronic commerce in Kenya (CCK website, 2013). The CCK provides a regulatory framework that promotes equity, encouraging operators

to grow and cover both rural and urban areas of the country. The Kenya Communications (Amendment) Act of 2009 addresses critical issues in the BPO and wider ICT sector, including creation of new offences with respect to electronic records and transactions including cyber-crime, destruction of electronic records and reprogramming of mobile phones, definitions in relation to certification and electronic transactions, functions and powers of e-transactions regulator, licensing of e-certification services and formation and validity of e-contracts (Ogechi & Nyameino, 2010).

RESEARCH METHODOLOGY

The study used a descriptive survey employing cross sectional survey design aimed at establishing the effects of outsourcing strategy on procurement performance among Universities in Kenya. A descriptive research is designed to obtain information concerning the current situation and other phenomena and wherever possible to draw valid conclusion from the facts discussed. Descriptive survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated. According to Paulin (2007), “descriptive research studies are based on some previous understating of the nature of the research problem”. The data was collected on a sample of 66 universities in Kenya. The design seeks to capture both qualitative and quantitative aspects.

Target Population

According to Amin, (2005), Target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target population of this study was 336 procurement practitioners in all university entities in Kenya, who are registered by Kenya Institute of Supplies Management mandated to practice procurement as well as the public procurement oversight authority (PPOA).

In total, there are 66 universities according to the Commission for Higher Education Directory (2012/2013). The universities and other institution of higher learning are as follows; 22 Public universities, 17 private universities, 14 Chartered Private universities and 13 universities with Letter of Interim Authority (LIA). These Universities are established through institutional Acts of Parliament under the Universities Act, which provides for the development of university education, the establishment, accreditation and governance of universities.

Table 1: Sample Population

Category of institution	Numbers of universities	Employees in Procurement
Public universities	22	946
private universities	17	680
chartered universities	14	560
Interim licenced	13	481
Total	66	2100

Sample and Sampling Techniques

According to Orodho, (2002) Sampling means selecting a given number of subjects from a defined population as representative of that population. Any statements made about the sample should also be true of the population. Purposive sampling was used to one select procurement departments of universities in Kenya since they gave accurate information on effects of outsourcing strategy on procurement performance among Universities in Kenya. In order to eliminate biasness and ensure objectivity simple random sampling was employed in this study. A sample of 336 respondents was picked using simple stratified random sampling techniques based on strata in the departmental units.

This was necessary because the technique gives all the departmental units affair chance of being selected. Stratified sampling in this study will be convenient due different experience and level of motivational expectations across the departmental units (Mugenda & Mugenda, 2003). The sample size was obtained by calculating the sample from the target population by applying Cooper and Schindler, (2003) formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= Sample size, N= Population size e= Level of Precision.

At 95% level of confidence and P=5

$$n = 2100 / (1 + 2100 (0.05)^2) = 336$$

Table 2: Sample Size of Universities and Colleges

Category of institution	Employees in Procurement	Sample Size
Public universities	946	131
private universities	680	98
chartered universities	560	80
Interim licenced	481	27
Total	2100	336

Research Instruments

Data was collected using a survey questionnaire and interview guide. The survey was created using suitable questions modified from related research and individual questions formed by the researcher. Likert scale was used to determine if the respondent agreed or disagreed in a statement.

Data Collection Procedure

The study collected both primary and secondary data. Primary data is the information the researcher obtained from the field. Primary data was collected using semi-structured questionnaires. The questionnaires were administered by the help research assistance in each and every departmental unit. The questionnaires were used because they allow the respondents to give their responses in a free environment and help the researcher get information that would not have been given and interviewers were used. The questionnaire was self-administered to all the respondents.

Pilot Testing

The research instrument was pre-tested before final administration to the respondents. According to Mugenda and Mugenda, (2003) pre-testing allows errors to be discovered before the actual collection of data begins and 1% of the population is considered adequate for pilot study that is one university equating to ten purposively selected respondent perceived to be knowledgeable in procurement matters.

Researcher conducted a pilot test to ensure that there is validity and reliability of instrument using Cronbach's alpha while conducting the research in order to obtain data that is consistent with the main objective. An alpha score of 0.70 or more indicated the instrument is reliable. Besides this, pre-testing aided the researcher in clearing any ambiguities and ensuring that the questions posed measure what it is intended.

Data Processing and Analysis

The completed questionnaires were edited for completeness and consistency, checked for errors and omissions and then coded to SPSS and analyzed qualitatively and quantitatively. Qualitatively the data was sought into themes, categories and patterns. This enabled the researcher to make general statements in terms of the observed attributes hence conceptualization according to Saunders (2007).

Data from questionnaires was summarized, coded, tabulated and analyzed. Editing was done to improve the quality of data for coding. Coded data was then fed into the statistical package for social sciences (SPSS) version 21. This version of SPSS was selected for analysis since it offers a more user friendly interface and can easily be linked with Microsoft office utility programs. Descriptive statistics was used. Editing involves going through the questionnaires to see if respondents responded to questions and see if there are blank responses. Tabulation involved counting the number of cases that fall into various categories. Descriptive statistics such as mean, standard deviation was then generated, each for the outsourcing strategies.

Standard deviation represented the degree of variability in the responses. Linear Regression Analysis was used to investigate on the relationship between the variables and the outsourcing strategies on performance of universities in Kenya. The coefficient of determination (R-Square) resulting from the linear regression was used to determine the goodness of fit. R-square greater than 0.7 indicate a very good fit. P-values for the t-test statistics was used to determine the significance of the independent variables in the regression model. Those variables with a p-value less than 0.05 are significant in the equation. A simple regression model was used in determining the level of influence the independent variables have on dependent variable as shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

Y = procurement Performance of Universities in Kenya
(*Dependent Variable*)

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients

X_1 = Contracting

X_2 = Comprehensive outsourcing

X_3 = Licensing Agreement

X_4 = Selective outsourcing

e = Error Term

ANALYSIS

Reliability and Validity Test

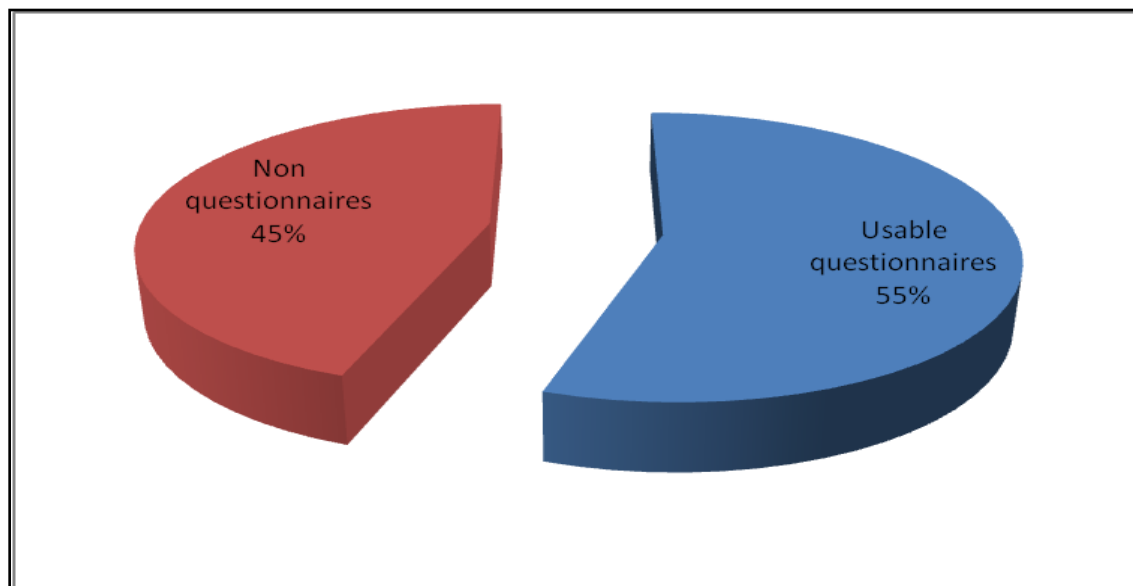
A pilot study was conducted to find out if the respondents could answer the questions without difficulty. Respondents in the pretest were drawn from one university (equating to ten purposively selected respondents) perceived to be knowledgeable in procurement matters. They were asked to evaluate the questions for relevance, comprehension, meaning and clarity.

The instrument was modified on the basis of the pilot test before administering it to the study respondents. Cronbach Alpha was therefore used to test reliability of the instrument. A coefficient of 0.7 and above shows high reliability of data (Saunders, 2009). The Cronbach Alpha test of the instrument resulted in a value of 0.735 which is greater than 0.7, thus the questionnaires were reliable.

Response Rate

Out of the 336 respondents, 207 of them participated in the study. This constitutes a response rate of 61.6 percent. Out of these questionnaires, 186 were considered usable for the study. This accounted for 55.3 percent of the respondents. The other 21 questionnaires had highly significant levels of missing information. The remaining cases represented an adequate response rate for the precision and confidence required in this study.

Figure 2: Response Rate



Distribution of Respondents by Level of Education

Majority of the respondents at 45 percent had a first degree (university graduate). Respondents who had attained postgraduate qualifications were 32 percent, 13 percent were graduate from tertiary colleges, while those with secondary qualification were 10 percent. This shows that majority of the respondents had education level capable of understanding the purpose of the study.

Table 3: Distribution of Respondents by Level of Education

Academic level	Frequency	Percentage
University postgraduate	59	32
University graduate	84	45
Tertiary college	24	13
Secondary	19	10
Total	186	100

Distribution of Respondents by Years of Participation in the Outsourcing Process at the University

65% of respondents indicated that they had participated in the process for over 5 years, 30% had done it for a period of 3 to 56 years and only 5% had participated in the process for less than 3 years. This confirms that the respondents had sufficient knowledge of outsourcing process at their respective universities based on experience gained.

Table 4: Distribution of Respondents by Years of Participation in the Outsourcing Process at the University

Period (years)	Frequency	Percentage
Between 1 and 3 years	9	5
Between 3 and 5 years	56	30
Over 5 years	121	65
Total	186	100

Distribution of the Respondents by Organization/Institution Workforce

The study sought to determine the distribution of the organizations workforce. The findings were presented in the table below.

Table 5: Organization/Institution Workforce

Workforce	Frequency	Percentage
1000-2000	20	11
2000-10000	166	89
Total	186	100

Majority of the respondents were from organizations with workforce of 2000 to 10,000. On the other hand only 11% of the respondents were from organizations with workforce of 100 to 2000. This shows that the organizations were large in nature and therefore consumes a lot of resources hence requires a proper outsourcing processes.

Distribution by Outsourcing Procurement System

The study sought to know the outsourcing procurement system used by the respondents. The findings are as shown in table below.

Table 6: Outsourcing Procurement System

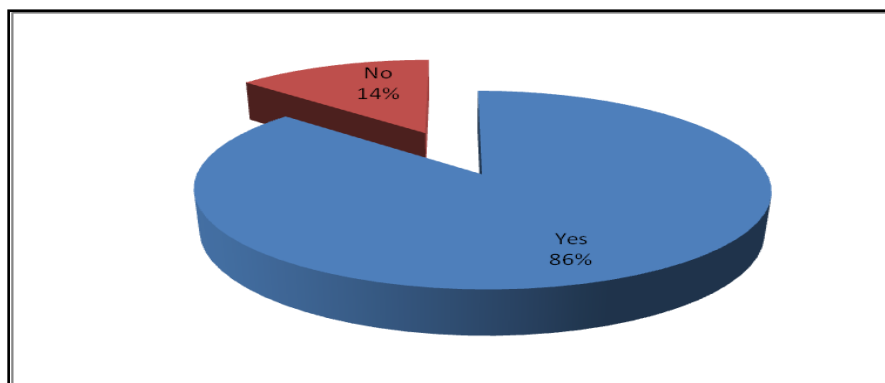
Academic level	Frequency	Percentage
Partly automated	9	87
Fully automated	14	13
Total	55	100

The findings above shows that organizations used either partly automated or fully automated outsourcing procurement system. More specific, 87% of the respondents were of the opinion that their outsourcing procurement systems were partly automated while the rest (13%) indicated that their outsourcing procurement systems were fully automated.

Rating of Preference of Outsourcing to the Traditional Way of Procurement

As shown in figure below, 86% of the respondents preferred outsourcing to the traditional way of procurement. On the other hand a significant 14% preferred traditional way of procurement to outsourcing. These findings are in line with the automation rating of the procurement system.

Figure 3: Rating of Preference of Outsourcing to the Traditional Way of Procurement



Rating of University Outsourcing Process

The respondents were asked to rate the extent university outsourcing process had impacted on the overall procurement performance of the institution. The results are as shown in table below.

Table 7: Extent of university outsourcing process on the overall procurement performance of the institution

Variables	Mean	Std Dev
Outsourcing strategy and procurement Performance management creates efficiency and effectiveness in the procurement process for competitive advantage	3.74	.169
Outsourcing strategy and Training helps in reducing transactional costs in the procurement process	3.57	.236
Outsourcing strategy and operating environment enables to create visibility in procurement process	2.88	.260
Outsourcing strategy, Recruitment, testing and selection promote the best practices in procurement performance	2.92	.201
Outsourcing non-core capabilities facilitates collaboration within the supply chain	2.69	.161
Regular health and safety monitoring activities during outsourcing promotes overall procurement performance	2.66	.179

To a great extent Outsourcing strategy and procurement Performance management creates efficiency and effectiveness in the procurement process for competitive advantage (mean of 3.74), Outsourcing strategy and Training helps in reducing transactional costs in the procurement process (mean of 3.57).

On the other hand to a moderate extent; Outsourcing strategy, Recruitment, testing and selection promote the best practices in procurement performance (mean of 2.92), Outsourcing strategy and operating environment enables to create visibility in procurement process (mean of 2.88). Outsourcing non-core capabilities facilitates collaboration within the supply chain (mean of 2.69).

Regular health and safety monitoring activities during outsourcing promotes overall procurement performance (mean of 2.66). These findings conforms to those of Troaca *et al.*, (2012), that is, the workers themselves reported that they enjoyed their jobs more and the Chief Administrative Officer of the University reported only a marginal increase in costs.

Further according to Domberger, (2008), outsourcing enables firms to keep future costs down by selecting the most competitive tender for renewing the contract.

Recommendation of Outsourcing to Other Universities

The respondents unanimously agreed (100%) that they would be willing to recommend outsourcing to other universities. It was indicated that the universities would enjoy the following benefits as a result of adopting outsourcing; being able to focus on core activities (outsourcing of back-office operations will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office), staffing flexibility (allow operations that have seasonal or cyclical demands to bring in additional resources when needed and release them when you're done), cost and efficiency savings.

Table 8: Rate of recommending Outsourcing to other Universities

<u>Response</u>	<u>Frequency</u>	<u>Percentage</u>
Yes	186	100
<u>Total</u>	<u>186</u>	<u>100</u>

Contract Outsourcing Strategy

From the findings the respondents agreed that all the variables of contract outsourcing strategy moderately affect procurement performance of universities in Kenya. Specifically; there is a proper contract outsourcing strategy set by the government in order to regulate procurement in Kenya transactional costs in the procurement process (mean of 3.16).

The university complies with the contract outsourcing strategy in the procurement process to create visibility in procurement process (mean of 2.97) and Contract outsourcing strategy has enabled universities improve focus i.e. attention on core activities (mean of 2.88).

Table 9: Extent to which contracts outsourcing strategy affects procurement performance of universities in Kenya

Variables	Mean	Std Dev
Contract outsourcing strategy has enabled our university improve focus i.e. attention on core activities	2.88	.202
There is a proper contract outsourcing strategy set by the government in order to regulate procurement in Kenya transactional costs in the procurement process	3.16	.184
The university complies with the contract outsourcing strategy to create visibility in procurement process	2.97	.221
Contract outsourcing strategy has helped the university control functions that are difficult to manage or out of our control.	2.74	.175
Contract outsourcing strategy has improved the institutions customer satisfaction index the supply chain	2.66	.143
The university's contract outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same	2.78	.228
The contract outsourcing strategy has been clearly understood by the key stakeholders in the procurement process	2.79	.217

Selective Outsourcing Strategy

The result indicated that to a great extent, the university's top leadership is supportive of the adoption of selective outsourcing strategies (mean of 3.61), The university needs to train the relevant staff to enable them buy the concept of selective outsourcing strategies (mean of 3.58) and the university's selective outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same (mean of 3.57). This conforms to the findings of Milgrom & Roberts, (2012) "Selective outsourcing tends to be successful on activities that are heterogeneous and a company's logistics operations are typically heterogeneous".

The respondents further noted that to a moderate extent; Selective outsourcing strategies will bring changes and could lead to redundancies (mean of 2.79), Resistance to change influences the adoption of selective outsourcing strategies in procurement process (mean of 2.58), The selective outsourcing strategy has been clearly understood by the key stakeholders in the procurement process (mean of 2.67) while on a least extent the University

members of staff prefer employing the traditional ways of procurement as selective outsourcing strategies may bring uncertainties focus i.e. attention on core activities (mean of 1.87).

Table 10: Extent to which Selective Outsourcing Strategy influences on procurement performance of universities in Kenya

Variables	Mean	Std Dev
The University members of staff prefer employing the traditional ways of procurement as selective outsourcing strategies may bring uncertainties focus i.e. attention on core activities	1.87	.273
Selective outsourcing strategies will bring changes and could lead to redundancies	2.79	.187
Resistance to change influences the adoption of selective outsourcing strategies in procurement process	2.58	.137
The university's top leadership is supportive of the adoption of selective outsourcing strategies	3.61	.157
The university needs to train the relevant staff to enable them buy the concept of selective outsourcing strategies	3.58	.226
The selective outsourcing strategy has been clearly understood by the key stakeholders in the procurement process	2.67	.141
The university's selective outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same	3.57	.229

Licensing Agreements Strategy

The respondents unanimously rated all the licensing agreements strategy as having great influence on procurement performance of universities in Kenya, that is; The University's level of licensing agreements as an outsourcing strategy in place to facilitate the overall procurement performance of the institution (mean of 4.20), The university's licensing outsourcing strategy procurement policy is guided by the PPDA and regulations (mean of 4.15), The university's systems are compatible with the level of licensing agreements outsourcing (mean of 4.00) and The university has the right level of licensing agreements in place to facilitate the procurement performance of universities in Kenya (mean of 3.95).

Table 11: Extent to which licensing agreements influences procurement performance of universities in Kenya

Variables	Mean	Std Dev
The levels of licensing agreements outsourcing are necessary for implementation of outsourcing strategy in the procurement performance of universities in Kenya	3.95	.405
The university's level of licensing agreements as an outsourcing strategy in place to facilitate the overall procurement performance of the institution	4.20	.115
The university has the right level of licensing agreements in place to facilitate the procurement performance of universities in Kenya	3.95	.213
The university's systems are compatible with the level of licensing agreements outsourcing	4.00	.125
The level of licensing agreements is simple and easy to be in procurement	3.55	.160
The university's licensing outsourcing strategy procurement policy is guided by the PPDA and regulations	4.15	.170
The licensing outsourcing strategy has been clearly understood by the key stakeholders in the procurement process	3.78	.213

Comprehensive/Selective Business process Outsourcing Strategy

The findings show that comprehensive strategy moderately affects procurement performance of universities in Kenya, that is, the University's comprehensive outsourcing strategy procurement policy is guided by the PPDA and regulations (mean of 3.15), Comprehensive outsourcing forms a top agenda in the university's procurement policy (mean of 3.13) and the university's systems are compatible with the right level of comprehensive outsourcing in procurement (mean of 3.06). The findings are in line with those of Worley, (2011) "Comprehensive Business process outsourcing (BPO) entails using third parties to deliver back-office support services such as finance and payroll".

Table 12: Extent to which comprehensive/selective BPO outsourcing strategy influences procurement performance of universities in Kenya

Variables	Mean	Std Dev
Professional skills are pre-requisite in the success of Comprehensive outsourcing strategy in the performance of universities in Kenya	2.92	.455
Procurement staff within the university are competent and skilled enough to decide on the level of comprehensive outsourcing	3.03	.181
The university needs to train the procurement staff on Comprehensive outsourcing in support of adoption of the right procurement process	2.97	.294
The university's systems are compatible with the right level of comprehensive outsourcing in procurement	3.06	.265
Comprehensive outsourcing forms a top agenda in the university's procurement policy	3.13	.252
The university's licensing outsourcing strategy procurement policy is guided by the PPDA and regulations	3.01	.273
The university's comprehensive outsourcing strategy procurement policy is guided by the PPDA and regulations	3.15	.310

Government Policy

The respondents were of the opinion that to a great extent; Procurement staff within the university are competent and skilled enough to follow the government policy in outsourcing (mean of 4.00), the PPDA and regulations are guided by the government policy (mean of 3.98), the government policy has been clearly understood by the key stakeholders in the procurement process (mean of 3.95), Government policy improves procurement performance of universities in Kenya (mean of 3.90), the university's systems are compatible with the government policy on procurement (mean of 3.75) and Government policy forms a top agenda in the university's procurement policy (mean of 3.50). On the other hand to a moderate extent the university needs to train the procurement staff on government policy to support the adoption of the right procurement process (mean of 2.75).

Table 13: Extent to which Government Policy influences procurement performance of universities in Kenya

Variables	Mean	Std Dev
Government policy improves procurement performance of Universities in Kenya	3.90	.125
Procurement staffs within the university are competent and skilled enough to follow the government policy in outsourcing	4.00	.655
The university needs to train the procurement staff on government policy to support the adoption of the right procurement process	2.75	.115
The university's systems are compatible with the government Policy on procurement	3.75	.110
Government policy forms a top agenda in the universities procurement policy	3.50	.350
The government policy has been clearly understood by the key stakeholders in the procurement process	3.95	.179
The PPDA and regulations are guided by the government policy	3.98	.175

Regression Correlation Analysis

Analysis included; direction and magnitude of the relationship, goodness of fit of the model, test of significance of the model, estimated model and individual significance of the model parameters.

Correlation Test

Multicollinearity is a measure of the existence of strong correlation between independent variables. Two independent variables are said to be correlated if their P-value is greater than 0.5 and as such one of the variables should be dropped from the model. As shown in table 11, none of the predictor variables had P-value > 0.5 hence no problem of multicollinearity and a four predictor variables model could be used to forecast procurement performance of universities in Kenya.

Table 14: Pearson Correlation Correlations

Predictors: Contracting Comprehensive Licensing Agreement Selective Outsourcing				
Contracting	1.000			
Comprehensive	.002	1.000		
Licensing Agreement	.003	.207	1.000	
Selective outsourcing	.004	.030	.008	1.000

Determining How Well the Model Fits

Table 12 below is the Model Summary table. This table provides the R , R^2 , adjusted R^2 , and the standard error of the estimate, which can be used to determine how well a regression model fits the data. Analysis in table 4.13 shows that there exist a very strong positive correlation between the predictors and dependent variables. Further coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R^2 equals 0.864; that is, contracting, comprehensive outsourcing, licensing agreement, selective outsourcing strategies explain 86.4 percent of the variation in procurement performance of universities in Kenya leaving only 13.6 percent unexplained. The P- value of $0.003 < 0.05$) implies that the model of procurement performance of universities in Kenya is significant at the 5 percent significance.

Table 15: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F	df1	df2	Sig. F
.929	.864	.842	1.13044	.842	4.261	4	181	.003

a. *Predictors: (Constant), Contracting, Comprehensive outsourcing, Licensing Agreement, Selective outsourcing.*

Statistical Significance

ANOVA findings ($F(4, 185) = 4.261, p = .003 < .05$) in table 13 below shows that there is correlation between the predictors variables (contracting, comprehensive outsourcing, licensing agreement, selective outsourcing strategies) and response variable (procurement performance of universities in Kenya) hence the regression model is a good fit of the data.

Table 16: ANOVA

Model	sum of squares	df	mean square	F	Sig
Regression	21.780	4	5.445	4.261	.003
Residual	231.301	181	1.278		
Total	253.081	185			

- a. Predictors: (Constant), Contracting, Comprehensive outsourcing, Licensing Agreement, Selective outsourcing
- b. Dependent Variable: Procurement Performance of Universities in Kenya

Estimated Model Coefficients

The established multiple linear regression equation becomes:

Forecasted procurement performance of universities in Kenya = 0.295 + 0.317 contracting strategy + 0.207 comprehensive outsourcing strategy + 0.159 licensing agreement + 0.218 selective outsourcing strategy.

Where

Constant = 0.295, shows that if contracting, comprehensive outsourcing, licensing agreement, selective outsourcing strategies were all rated as zero, procurement performance of universities in Kenya rating would be 0.295

$\beta_1 = 0.317$, shows that one unit increase in contracting strategy results in 0.317 units increase in procurement performance of universities in Kenya other factors held constant.

$\beta_2 = 0.207$, shows that one unit increase in comprehensive outsourcing strategy results in 0.207 units increase in procurement performance of universities in Kenya other factors held constant.

$\beta_3 = 0.159$, shows that one unit increase in licensing agreement results in 0.159 units increase in procurement performance of universities in Kenya other factors held constant.

$\beta_4 = 0.218$, shows that one unit increase in selective outsourcing strategy results in 0.218 units increase in procurement performance of universities in Kenya other factors held constant.

Table 17: Coefficients

Predictors:	B	Std. Error	Beta	t	sig
Constant	.295	.190	.243	1.553	.125
Contracting	.317	.069	.127	4.594	.008
Comprehensive	.207	.072	.213	2.875	.005
Licensing Agreement	.159	.075	.059	2.120	.003
Selective outsourcing	.218	.072	.018	3.028	.015

- a. Dependent Variable: Procurement Performance of Universities in Kenya.

Statistical Significance of the Independent Variables

This tests whether the Unstandardized coefficients are equal to 0 (zero) in the population. If $p < .05$ then, one can conclude that the coefficients are statistically significantly different to 0 (zero). The corresponding p -value respectively, indicates that all independent variable coefficients are statistically significantly different from 0 (zero), that is each independent variable is linearly related to the dependent variable. A four predictor model could be used to forecast procurement performance of universities in Kenya.

SUMMARY OF FINDINGS

The purpose of the study was to determine the effects of outsourcing strategy on procurement performance among Universities in Kenya. The study made the following summary according to the final findings;

Contracting Strategy

The study found out that to a moderately extent; there is a proper contract outsourcing strategy set by the government in order to regulate procurement in Kenya transactional costs in the procurement process, the university complies with the contract outsourcing strategy in the procurement process to create visibility in procurement process and contract outsourcing strategy has enabled our university improve focus i.e. attention on core activities. The finding conforms to Leiter *et al.*, (2002), that is, the leader provides the suitable environment to provide the most comfortable environment to the group members to improve performance and productivity.

Comprehensive Outsourcing

The study revealed that comprehensive strategy moderately affects procurement performance of universities in Kenya, that is, the University's comprehensive outsourcing strategy procurement policy is guided by the PPDA and regulations, comprehensive outsourcing forms a top agenda in the university's procurement policy and the university's systems are compatible with the right level of comprehensive outsourcing in procurement.

Licensing Agreement

Licensing agreements strategy had great influence on procurement performance of universities in Kenya. The respondent were highly of the opinion that; the university's level of licensing agreements as an outsourcing strategy in place to facilitate the overall procurement

performance of the institution, the university's licensing outsourcing strategy procurement policy is guided by the PPDA and , the university's systems are compatible with the level of licensing agreements outsourcing and the university has the right level of licensing agreements in place to facilitate the procurement performance of universities in Kenya.

Selective Outsourcing

The study found out that respondents had varied opinion on influence of selective outsourcing on procurement performance of the universities. Specifically to a great extent; the university's top leadership is supportive of the adoption of selective outsourcing strategies, the university needs to train the relevant staff to enable them buy the concept of selective outsourcing strategies and the university's selective outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same.

On the other hand; Selective outsourcing strategies would bring changes and could lead to redundancies, resistance to change influences the adoption of selective outsourcing strategies in procurement process, the selective outsourcing strategy has been clearly understood by the key stakeholders in the procurement process were rated as having moderate influence on procurement performance of universities in Kenya.

Forecasting Model

Regression and correlation analysis indicated that the independent variables (contracting, comprehensive outsourcing, licensing agreement, selective outsourcing strategies) were significantly related to the dependent variable (procurement performance of universities in Kenya), that is, 86.4% of the variation in procurement performance of universities in Kenya could be explained by the changes in contracting, comprehensive outsourcing, licensing agreement, selective outsourcing strategies. It was also found that there exists a strong positive correlation between the independent and dependent variables. Each independent variable was individually linearly related to procurement performance of universities in Kenya ($P\text{-value} < 0.05$) and therefore a four predictor variable model could be used in forecasting procurement performance of universities in Kenya.

CONCLUSIONS

The study concludes that contracting, comprehensive outsourcing, licensing agreement and selective outsourcing strategies were main determinants of procurement performance of universities in Kenya. The study further concluded that the establish regression model was good

for foresting and could be used for prediction of procurement performance in other universities which were not included in the study.

RECOMMENDATIONS

The study recommend that universities should put more emphasis on training and information sharing in order to improve procurement performance, all procurement process should be automated so as to reduce the error rates and discrepancies in the process and align their procurement procedures to Public Procurement and Disposal Act since efficient procurement process could be used as competitive advantage.

The study recommended the use of other data collection methods such as interviews. This would help the researchers get responses that are relatively free from bias. This is because interviews afford the researcher the opportunity to allay fears, anxieties and concerns that the respondents may have. The researcher may also offer clarification when needed and help respondents to think through difficult issues. Use of focus groups sessions aimed at obtaining respondents stress experience would also help get genuine ideas and feelings about the topic under discussion.

SUGGESTION FOR FURTHER STUDY

The study suggests that a study should be carried out in other levels of education such as middle level colleges and government parastatals and the result of the same be compared to allow for generalizations of the findings.

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APPENDIX

Questionnaire

This questionnaire is meant to collect information on the effects of outsourcing strategies on procurement performance among universities in Kenya. This information is being sought solely for academic purposes and will be treated with strict confidence. Kindly answer the questions by ticking the boxes provided as will be applicable.

SECTION I: GENERAL INFORMATION

1. Name of university
2. Position held in the university
3. Division currently serving in
4. What is your highest level of education?
Secondary []
Tertiary college []
University graduate []
University postgraduate []
Other (please specify)
5. How long have you been participating in the outsourcing process at the university?
Less than 1 year []
Between 1 and 3 years []
Between 3 and 5 years []
Over 5 years []

6. What is the size of your organization/institution workforce?

- Below 500 [] 500-1000 []
 1000-2000 [] 2000-10000 []
 Over 10000 []

7. In your opinion, how is the university outsourcing procurement system carried out?

- Manual []
 Partly automated []
 Fully automated []

8. In your own opinion, is outsourcing more preferable to the traditional way of procurement?

- Yes [] No []

SECTION II: PROCUREMENT PERFORMANCE AMONG UNIVERSITIES

9. To what extent has the university outsourcing process impacted on the overall procurement performance of the institution?

- Very small extent [] Small extent []
 Moderate extent [] Great extent []
 Very great extent []

10. To what extent do you agree with the following statements? (Select all the appropriate) Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree

Variable	1	2	3	4	5
Outsourcing strategy and procurement Performance management creates efficiency and effectiveness in the procurement process for competitive advantage					
Outsourcing strategy and Training helps in reducing transactional costs in the procurement process					
Outsourcing strategy and operating environment enables to create visibility in procurement process					
Outsourcing strategy, Recruitment, testing and selection promote the best practices in procurement performance					
Outsourcing non-core capabilities facilitates collaboration within the supply chain					
Regular health and safety monitoring activities during outsourcing promotes overall procurement performance					

11. Would you recommend outsourcing to other universities?

- Yes [] No []

12. Why or why not?

.....

13. If yes what precautions do you think should be taken?

.....

SECTION III: CONTRACT OUTSOURCING STRATEGY

14. Indicate the extent to which you agree with the following statements about the contracts outsourcing strategy in regard effects of outsourcing strategy on procurement performance of universities in Kenya. (Select all the appropriate)

Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree

Variable	1	2	3	4	5
Contract outsourcing strategy has enabled our university improve focus i.e. attention on core activities					
There is a proper contract outsourcing strategy set by the government in order to regulate procurement in Kenya					
The university complies with the contract outsourcing strategy in the procurement process					
Contract outsourcing strategy has helped the university control functions that are difficult to manage or out of our control.					
Contract outsourcing strategy has improved the institution's customer satisfaction index					
The university's contract outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same					
The contract outsourcing strategy has been clearly understood by the key stakeholders in the procurement process					

SECTION IV: SELECTIVE OUTSOURCING STRATEGY

15. Indicate the extent to which you agree with the following statements about the outsourcing in regard to selective outsourcing strategies on procurement performance of universities in Kenya. (Select all the appropriate)

Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree

Variable	1	2	3	4	5
The University members of staff prefer employing the traditional ways of procurement as selective outsourcing strategies may bring uncertainties					
Selective outsourcing strategies will bring changes and could lead to redundancies					
Resistance to change influences the adoption of selective outsourcing strategies in procurement process					
The university's top leadership is supportive of the adoption of selective outsourcing strategies					
The university needs to train the relevant staff to enable them buy the					

concept of selective outsourcing strategies					
The selective outsourcing strategy has been clearly understood by the key stakeholders in the procurement process					
The university's selective outsourcing strategy procurement policy is guided by the Public Procurement and Disposal Act and the corresponding Regulations on the same					

SECTION V: LICENCING AGREEMENTS STRATEGY

15. Indicate the extent to which you agree with the following statements on outsourcing strategy in regard licensing agreements on procurement performance of universities in Kenya. (Select all the appropriate) Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree

Variable	1	2	3	4	5
The levels of licensing agreements outsourcing are necessary for implementation of outsourcing strategy in the procurement performance of universities in Kenya					
The university's level of licensing agreements as an outsourcing strategy in place to facilitate the overall procurement performance of the institution					
The university has the right level of licensing agreements in place to facilitate the procurement performance of universities in Kenya					
The university's systems are compatible with the level of licensing agreements outsourcing					
The level of licensing agreements is simple and easy to be in procurement					
The university's licensing outsourcing strategy procurement policy is guided by the PPDA and regulations					
The licensing outsourcing strategy has been clearly understood by the key stakeholders in the procurement process					

SECTION VI: COMPREHENSIVE STRATEGY

15. Indicate the extent to which you agree with the following statements about the level of outsourcing in regard to comprehensive/selective BPO outsourcing strategy on procurement performance of universities in Kenya. (Select all the appropriate)

Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree

Variable	1	2	3	4	5
Professional skills are pre-requisite in the success of comprehensive outsourcing strategy in the performance of universities in Kenya					
Procurement staff within the university are competent and skilled enough to decide on the level of comprehensive outsourcing					
The university needs to train the procurement staff on comprehensive outsourcing in support of adoption of the right procurement process					
The university's systems are compatible with the right level of comprehensive outsourcing in procurement					

Comprehensive outsourcing forms a top agenda in the university's procurement policy					
The comprehensive outsourcing strategy has been clearly understood by the key stakeholders in the procurement process					
The university's comprehensive outsourcing strategy procurement policy is guided by the PPDA and regulations					

SECTION VII: GOVERNMENT POLICY

15. Indicate the extent to which you agree with the following statements about the level of outsourcing in regard to government policy on procurement performance of universities in Kenya. (Select all the appropriate)

Give your ratings in the scale of 1-5 (where 1= disagree, 2= indifferent, 3= Agree to a small extent, 4= Agree to a moderate extent, 5= strongly agree)

Variable	1	2	3	4	5
Government policy improves procurement performance of universities in Kenya					
Procurement staff within the university are competent and skilled enough to follow the government policy in outsourcing					
The university needs to train the procurement staff on government policy to support the adoption of the right procurement process					
The university's systems are compatible with the government policy on procurement					
Government policy forms a top agenda in the university's procurement policy					
The government policy has been clearly understood by the key stakeholders in the procurement process					
The PPDA and regulations are guided by the government policy					