# OUTSOURCING STRATEGIES AMONG COMMERCIAL BANKS IN KENYA

**BY**

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

**2014**

# DECLARATION

I declare that this research project is my original work and has not been submitted to any other university for award of a degree.

Signature………………………………………Date………………………………….

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**D61/70153/2007**

This research project was submitted for examination with my authority as the university supervisor

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# ACKNOWLEDGEMENT

I take this opportunity to express my gratitude to everyone who supported me throughout the course of this Master of Business Administration project. I am thankful for their aspiring guidance, invaluably constructive criticism and encouragement during the project work. I am sincerely grateful to them for sharing their truthful and illuminating views on a number of issues related to the project.

I express my warm thanks to my dear husband Julius, Son Mutuma, mothers Agnes and Florence, my sisters Muthoni, Lorna and Maya and my brother Nicholas and all my dear friends for their love, support and guidance.

I would also like to thank my project Supervisor Mr. Jeremiah Kagwe and the entire staff and administration of the University of Nairobi and all the people who provided me with the facilities required to complete my Master of Business Administration research project.

Furthermore I would also like to acknowledge with much appreciation the crucial role of the staff of the commercial banks, who responded to the questionnaire that aided in the collection of data for the research project.

I have taken efforts in this project. However, it would not have been possible without the kind support and help of many individuals and organizations. I would like to extend my sincere thanks to all of them.

# DEDICATION

I dedicate this research project to my dearest husband Julius Muriungi and Son Mutuma Muriungi.

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ABSTRACT

This study sought to establish the outsourcing strategies among commercial banks in Kenya. The study was guided by three objectives: to find out the functions that are commonly outsourced among commercial banks in Kenya; to establish the extent of outsourcing among commercial banks in Kenya and to establish the challenges facing outsourcing strategies among commercial banks in Kenya. The study took the form of a descriptive cross sectional survey design and the target population of the study was 43 commercial banks operating in Kenya. Primary data was collected using questionnaires that were administered through drop and pick later method. Percentages and frequencies as well as descriptive statistics such as mean were used to analyze the data. The findings were presented in tables and figures. The study established that commercial banks in Kenya outsource a number of functions such as security services, transportation services, Automated Teller Machine management services, training of employees and recruitment services. Some functions re core to the banks and are not outsourced and they include facility appraisal and account opening. Some functions are fully outsourced such as security services, catering services, Automated Teller Machine management services as well as advertising and marketing. Functions that are partially outsourced cash management; custodial services; training of employees; transportation services; custodial services; information technology applications and recruitment services. The most prevalent challenges of outsourcing among commercial banks in Kenya include: resistance to change; inability to develop clear outsourcing objectives; lack of proper communication to stakeholders; lack of top management support and lack of supporting structures. The study recommends that top management support should be sought when `undertaking outsourcing activities.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The contemporary business environment has become increasingly complex with rapid changes in technological advancement. This has made the conditions under which most business enterprises operate more susceptible to improvement using various strategies in order to remain in business. This position has forced many organizations around the globe to focus on lean management strategies in order to focus on the core issues of their businesses for the sake of staying ahead of the competitors (Koszewska, 2004). Organizations have also focused on reorganizing their structures in order to increase their flexibility and generate more value through the process of outsourcing. This involves reviewing the various activities of the business to determine what is core and what is none core in order to arrive at make or buy decisions. In this way the organization is able to decide on what to handle in-house, what to accomplish through strategic partnerships and what to outsource to third party professionals or experts (Koszewska, 2004).

According to Caldwell, (2011), the decision to transfer some processes of an organization to external service providers who are experts is strategic in nature and can determine the future thus the need to examine it carefully before taking the alternative. Gilley & Rasheed, (2000), argue that advantages of outsourcing are connected with improved financial performance and various nonfinancial performance effects, such as a heightened focus on core competencies. Outsourcing has the potential of reducing the overheads and operational costs of the organization; higher flexibility and ability to meet the fluctuations in demand; easier and more access to latest technologies; improved quality; time to concentrate on core business activities; availability of new service options and reduced capital commitment; access to external competencies as well as access to expert services (Quelin, 2003).

The wave of outsourcing that has hit many organizations around the globe has not spared Kenyan companies including commercial banks. A number of Kenyan commercial banks have outsourced a number of functions as competition in the industry continues to increase every other day. Commercial banks in Kenya associate outsourcing with high operational, contractual and strategic risks (Barako & Gatere 2008). One of the most outsourced functions among commercial banks in Kenya is the cash management. Most commercial banks have outsourced this function to private security companies that transport and replenish automated teller machines on behalf of the commercial banks. The main reason is to provide banks with an opportunity to concentrate on other core activities and give securities companies a chance to plan routes, track cash and other valuables using their extensive networks (Niven, 2010).

### 1.1.1 The Concept of Strategy

Several authors have defined strategy in different ways. According to Mintzberg (1994) strategy is a plan; a pattern in actions over time; a position reflects decisions to offer particular products or services in particular markets or a perspective that provides vision and directives. Steiner (1979) also refers to strategy as those directional decisions made by an organization or purposes and missions of organizations. Porter (1996) also defines strategy as being different. He adds that it means deliberately choosing a different set of activities to deliver a unique mix of value. Porter (1996) argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. Although all these definitions are slightly different, they agree that strategy is a way of trying to achieve the company vision and mission.

According to Fowler (2013) there are several drivers of strategy in any organization. These drivers originate from both internal and external sources. The internal drivers of strategy include the need for an organization to improve on its profitability; the mission and vision of the organization that determine the activities and desired future position of the organization as well as organizational politics. Fowler (2013) further asserts that there are several external drivers of strategy such as increased competition from other firms in the market; shifting patterns in market demand and prices; changing laws that require the company to make some adjustments in order to comply; new or increase in existing taxes that may raise the cost of production; changing customer needs that require or force the organization to react as well as technological changes that force organizations to adopt new processes. All these drivers provide the main reasons why organizations need a strategy at any given time.

SMI (2010) indicates that the business strategy should reflect the fundamental issues that determine long-term success and describe the desired development of the company. This articulates the strategic query whether it is enough to improve profitability within the present business model, evolution, or a need to change business model since the present will become obsolete, innovation. The business strategy process fulfils several important purposes in the company such as identifying industry changes and key external trends; indicating the company’s future direction, strategy and business model; securing a common understanding and commitment in the management team; creating a pro-active organization and informing employees, board, investors and others about the strategies and plans. This process results in a unique business model for the company and distinct business strategies. It also systematically breaks down needed changes into key projects to assure real results (SMI, 2010).

Nayak, et al. (2007) asserts that for any strategy to be successful there is need for a firm to come up with very clear objectives that will guide the implementation process. Having a clear strategic planning and implementation process is paramount in ensuring that a strategy is successfully implemented. Organizations that intend to succeed in their strategy implementation need to come up with clear performance measures that can be able to direct the implementation process.

Nelson (2011) asserts that there are three main types of business strategies. The first category is the cost strategies where the firm chooses strategies that are capable of creating efficiency. These include outsourcing and efficient operations. The second category relates to differentiated products and services strategies. In this case the firm engages in creating products and services with special features. The third category involves focus strategies where a firm adopts strategies that involve a combination of both cost and differentiation strategies. This strategy states that in some ways, a firm is really good about managing costs; and in other ways, this firm is really good about differentiating products or services.

### 1.1.2 Outsourcing Strategy

Fan (2000) defines outsourcing process as a contractual agreement between the outsourcing organization or user and one or more external providers of a service or process that is currently provided internally by the organization. He further argues that there is a major difference between outsourcing and purchasing since under outsourcing the function is completely moved to an external provider for a specified duration of time. Momme (2001) indicates that outsourcing is the process of establishing and managing a contractual relationship with an external supplier for the provision of capacity that has previously been provided in-house. Outsourcing is the transfer of a function previously performed internally to an external provider. McIvor (2008) asserts that outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers.

Nayak et al. (2007) supports outsourcing process by arguing that the process is associated with several key advantages. One of these advantages is that related to cost reduction or cost savings. The other significant advantage of the process of outsourcing is related to reduced capital investment within the firm due to less spending on activities that can be handled by external experts. They further argue that when firms engage in outsourcing, they may experience improved responsiveness to changes in the business environment. Their ability to respond effectively to changes in the business environment is greatly improved when a company has few core functions to concentrate on. The other key advantage that emanates from outsourcing is increased focus on core competencies. Once the company transfers some functions to external third party providers, it is possible to concentrate on the core functions that form the basis of its existence. Another advantage relates to increased competition among suppliers ensuring higher quality goods and services to the company.

Lang (2000) asserts that outsourcing is a strategy that has the potential of propelling a firm to higher levels of success if only it is done in the right manner. He further argues that any firm that considers to outsource must consider among other factors the operational cost element involved, the flexibility associated with the strategy, the risks involved, stability that will be experienced if outsourcing is effected, efficiency and effectiveness associated with outsourcing and the activity to outsource whether core or noncore.

According to CIPD (2009) indicates that there are activities or functions that a firm can outsource whereas there are others that cannot be outsourced. Firms can outsource activities that are not core and remain with those activities that are core to the firm. For instance a firm that is not mainly engaged in human resource business can outsource some HR functions so that it can focus on strategic human resource activities.

### 1.1.3 Banking Industry in Kenya

According to the publication by PricewaterhouseCoopers Kenya (2012) the Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking industry in Kenya comprises of both commercial banks; microfinance institutions; savings and credit cooperatives and investment banks. The banking industry offers a wide range of financial services that address the specific needs of private enterprise. They provide deposit, loan and trading facilities but will not service investment activities in financial markets. However, the banking industry faces a number of challenges such as competition from both local and foreign banks. This has forced some of the commercial banks to expand their operations to other countries within the East and Central Africa Region (Central Bank of Kenya, 2012).

The banking industry plays a very significant role in the macro economic development of the country. It contributes a significant portion of the Gross Domestic product of the Kenyan economy. The banking industry also plays a central role as the monetary agent of the Central Bank of Kenya. The industry also provides significant employment opportunities to a number of people (Central Bank of Kenya, 2012).

### 1.1.4 The Commercial Banks in Kenya

Khambata (1996) defines a commercial bank as a financial institution that is capable of accepting deposits, making business loans, and offering basic investment products. According to the Central Bank of Kenya there are currently 43 commercial banks that are fully registered and operating in Kenya. These are profit making financial institutions that play a significant role in the financial system of the country. Commercial banks play a number of roles in the financial stability and cash flow of the country's private sector. Commercial banks provide a number of import financial and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees. They also take responsibility for safeguarding such documents and other valuables by providing safe deposit boxes. Currency exchange functions and the provision of unit trusts and commercial insurance are typically provided by the relevant departments in larger commercial banks. Commercial banks in Kenya also play a very significant role as agents of monetary policy. The Central Bank of Kenya largely depends on commercial banks in effecting its monetary policy. The banks also contribute a significant portion of the Country's Gross Domestic Product (GDP) (Rajan & Zingales, 1998).

Despite the aforementioned, commercial banks in Kenya have their share of challenges. One of the challenges faced by commercial banks in Kenya is the stiff competition from both local and international players. A number of commercial banks have ventured into new markets outside the country in order to find ways of overcoming this challenge. The other challenge relates to increasing operational expenses and expanding non performing loan portfolio that forces most commercial banks to use a significant portion of their profits to provide for non performing loans. Commercial banks in Kenya are also getting several challenges with rapid changes in technology that requires them to continue improving their existing systems to cope with dynamic business environments (Waweru & Kalani, 2009).

The dynamic business environment in which commercial banks in Kenya operate has made most of the banks to consider alternative ways in order to remain competitive in the market. There are various strategies that commercial banks are currently pursuing such as outsourcing. A number of commercial banks have engaged in outsourcing of several non core functions such as cash management services, automated teller machine replenishment services, security and some human resource functions that are not strategic in nature. This study will therefore assist in establishing the outsourcing strategies that commercial banks in Kenya adopt.

**1.2 Research Problem**

As the business environment becomes more complex and turbulent organizations seek for strategies of remaining in business. One of the most common strategies that have been adopted by many organizations across the world to enable them cope with difficult financial times and remain competitive is outsourcing (Koszewska, 2004). Most companies around the globe have found it necessary to seek external experts to handle some functions that they initially handled internally. The argument for this decision is to enable organizations reduce costs, develop some level of flexibility in their operations, improve their profitability, focus on core functions that define the existence of the organization and have a chance to access quality products or services from qualified experts.

Commercial banks in Kenya have experienced very stiff competition from both local and multinational banks. This has necessitated the adoption of various strategies such as outsourcing to increase their efficiency and remain competitive. There are a number of studies that have focused on outsourcing. Suraju & Hamed (2013) carried out a study on outsourcing services as a strategic tool for organizational performance among tobacco and beverage firms in Nigeria. It was revealed that the more an organization outsourced, the higher its organizational growth and organizational productivity are positively correlated to the amelioration of competitive advantage of labour productivity and average production cost. Fan (2000) also conducted a study on strategic outsourcing among British companies. It was established that peripheral activities are the most commonly outsourced with cost reduction being the main driver. A study carried out by Waweru & Kalani (2009) on Commercial Banking Crises in Kenya established commercial banks in Kenya have since outsourced a number of non-core functions to third party providers to enable them focus on core activities of the organization. It was further clear that outsourcing is largely motivated by the need to overcome challenges and crises.

Barako & Gatere (2008) carried out a study on outsourcing practices of the Kenyan banking sector. The objectives of the study included identifying the factors that motivate banks to outsource some functions and the perceived risks of outsourcing.

The study took the form of a survey of 40 commercial banks and data was collected through a questionnaire. The study established that banks associate outsourcing activities with high reputational, operational, strategic and contractual risks. The study further established that the size of the bank in terms of asset base is significantly associated with outsourcing whereas the commercial banks wage bill and total operational expenses are not significant determinants of outsourcing decisions. The findings of the study indicated that the Automated Teller Machines were the most outsourced services. The findings of the study also had regulatory policy implications, and in particular the urgent need for formulating a guideline to regulate the apparent proliferation of outsourcing practices in the Kenyan banking sector. The study identified the following outsourcing benefits: freeing of resources, cost reduction, access to specialized vendors, focus on core competence, flexibility and improved services.

The study by Barako and Gatere was conducted in the year 2008 which is more than five years ago. Many changes have taken place in the banking industry and there is need to establish the current position as far as outsourcing practices among commercial banks in Kenya is concerned. The number of commercial banks in the study by Barako and Gatere was 40 and only 19 of the respondents returned the questionnaires which led to a 48% response rate. This study therefore sought to address the current status of outsourcing practices in commercial banks in Kenya by answering the following question: How is outsourcing used as a strategy among commercial banks in Kenya?

## 1.3 Research objectives

This study was guided by the following three objectives:

i. Establish the functions that are outsourced by commercial banks in Kenya
ii. Determine the extent of outsourcing by commercial banks in Kenya
iii. Identify the challenges of outsourcing strategy faced by commercial banks in Kenya

## 1.4 Value of the Study

There is expansive research on outsourcing and strategy. The findings of this study will assist in providing more knowledge in this area. It will particularly be important in ensuring that there is some significant information on the use of outsourcing as a strategic tool among organizations.

The results from this study will be very essential for policy making purposes in the Kenyan banking industry. The players in the industry will be able to get a clear understanding on the role of outsourcing as a strategic tool. This will assist them to come up with relevant and competitive outsourcing policies.

Other organizations that are not within the Kenyan banking industry are also likely to benefit from the findings of this study. They will be able to identify the drivers and benefits of outsourcing in the banking industry and may replicate the same in their own organizations in order to be competitive.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter contains a review of past studies that have been conducted on outsourcing and strategy. This includes a theoretical discussion that focuses on the relevant theories of outsourcing such as the resource based theory, the resource dependency theory and the transaction cost theory; the extent of outsourcing and the challenges of outsourcing.

## 2.2 Theoretical Foundation of the Study

There are several theories that seek to explain the need for outsourcing among various organizations. These include the resource based view, the resource dependency theory, and the transaction cost economic. These theories are discussed next.

The Resource-Based View was developed by Barney (1986) and was later improved in subsequent publications in 1989 and 1991. The main purpose of this theory is to answer the question on why firms in the same industry or sector may vary systematically in their performance over some period of time. The theory posits that this difference is mainly attributed to the differences among the internal capabilities and resources that yield competitive advantage for the organizations. The theory provides two important assumptions that explain firm resource heterogeneity and firm resource immobility. The fact that the resources that firms have are not similar and that they are largely immobile and cannot be easily moved, a competitive advantage can then be easily created (Barney, 1986). The theory holds that there are four main attributes of resources that lead to competitive advantage: valuable, rareness, imperfectly imitable, non-substitutable. A resource is considered to be valuable if it has the potential of allowing a firm to exploit an opportunity in the market, thwart competitive threats, and conceive of or implement strategies that improve efficiency and effectiveness. On the other hand a resource is considered to be scarce if the number of firms in competitive arena possessing a resource is less than the number of firms needed to generate perfect competition. Perunovic & Pedersen, (2007) argue that an imperfectly imitable resource depends on unique historical conditions, causal ambiguity, social complexity, and a function of observability. Non-substitutable resources on the other hand relate to resource for which firms may not be able to accurately find their strategic equivalents.

The Resource Dependency Theory was pioneered by Pfeffer, (1984). The theory holds that firms do not have all the resources they need. Therefore, to some degree they depend on their external environment for some resources. The main purpose of originally developing the resource dependence theory was to provide an alternative perspective to economic theories of mergers and board interlocks and other issues that have played such a large role in recent market failures (Pfeffer, 2003). The resource based theory is built upon three core ideas that serve as the pillars for the theory: The first is the social context matters; the second is the assumption that organizations have strategies to enhance their autonomy and pursue interests; and the last one is that power is important for understanding internal and external actions of organizations.

The other theory is the Transaction Cost Economic by Williamson, (1985). Originally, transaction cost economic addresses questions on why do firms exist; what is the most effective strategies for maximizing profits; what firms should make and what should firms buy. The main theoretical argument of this theory is concerned with the conditions under which certain characteristics of the transaction or the object of the transaction would lead to its subsequent make or buy decisions. The theory has two important fundamental assumptions: The first assumption is that of bounded rationality which refers to that people have rationality, but limited. Therefore, it is only possible for both parties in a transaction to sign and incomplete contracts. The second assumption is opportunism which basically refers to that people sneakily behave opportunistically at the expense of others. The danger of opportunism is assumed to be less likely within a firm than in market coordination since it can be prevented within a firm by means of the authority principle. The relevance of this theory to outsourcing is that firms need to consider both production costs and transactions costs for an outsourcing transaction (Perunovic & Pedersen, 2007).

## 2.3 Extent of Outsourcing

There are several functions that can be outsourced by an organization. The main determinant of the activity to outsource is whether the activity is strategic or not strategic to the organization. Organization may outsource activities that are not core to the business and retain the ones that are core to the organization. One of such activities that can be outsourced is the human resource function in an organization. Firms can outsource the transactional human resource activities so that they may have more time to focus on the strategic aspect of human resource management. This implies that most firms may not opt to outsource all the activities in the human resource function but rather engage in partial outsourcing where some activities are outsourced whereas those strategic ones are left for the organization to handle (CIPD, 2009). The extent to which an activity is outsourced largely depends on the size of the organization. Smaller organizations are more likely to engage in full outsourcing than larger organizations. For instance some functions in human resources such as recruitment and selection and training may be fully outsourced thus leaving the firm with more strategic issues to handle (CIPD, 2009).

According to Worrel (2014) it is not cost effective for an organization to have a fully functional finance department in an organization especially the small organizations that are struggling to survive in business. He further argues that some finance functions within the organization such as taxation may be carried out annually and may not be logical to have in place a full time accountant in the firm. As a result it may be significant to outsource several positions within the finance department in order to cut down on several costs of running a department that is staffed with full time employees. Outsourcing some of the activities within the finance department may be beneficial to small companies that aim to add some strategic skills to their business since they may not afford to have in place highly paid professionals in their payroll. It is however important to note that the extent to which a firm outsources its finance department depends on the volume of transactions, the complexity of finances, and the amount of management information the firm requires.

## 2.4 Challenges of Outsourcing

There are several challenges that may face organizations that consider outsourcing as a strategy. One of these challenges includes failure by the organization to consider outsourcing as an alternative organizational strategy. Just like any other business strategy, outsourcing some of the noncore business activities or functions can greatly improve the company’s competitive advantage. The competitive advantage stems from the fact that outsourcing has the potential of drastically reducing the overall business costs. Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance (McIvor, 2008).

Sometimes firms may fail to realize that outsourcing firms my offer them an opportunity to work cheaply through efficient technology and economies of scale. Firms may also fail to realize what by minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance. If firms are able to reduce costs through outsourcing, the extra amount that would have been passed to the consumers in form of higher prices for the goods and services is absorbed as consumers pay less for their commodities. Lack of identification of outsourcing as an alternative business strategy may not allow businesses to compete favourably based on price and this is likely to be a disadvantage the business (McIvor, 2008).

According to Quinn (2000), identification and evaluation of the activities that can be outsourced is also a major challenge that firms need to deal with. They argue that business organizations that perform all their business functions internally without outsourcing may have to spend huge amounts of financial resources replacing obsolete technology that may not be useful in the near future but then it is also important to carefully evaluate what activities that need to be outsourced and which ones to conduct in-house. Although outsourcing of some functions may provide great reprieve to an organization thus saving it from losses, outsourcing others may also cause serious damage to the business if careful evaluation is not conducted. Outsourcing also generate some problems, as outsourcing usually reduces an organization's control over how certain services are delivered, which in turn may raise the organization's liability exposure (Steensma & Corley, 2000).

Another challenge that may adversely affect the outsourcing strategy is failure to identify clear objectives to be achieved by the strategy. Firms need to identify clear and measurable objectives for the outsourcing strategy to be implemented. Firms can only attain success in outsourcing if they have the ability to identify the clear objectives and expectations of outsourcing strategy activities as the most useful and contributing factors to their outsourcing effort. Lack of careful implementation of the outsourcing strategy without explicit goals and expectations will only lead to miserable experiences (Nayak et al., 2007). The other challenge that may lead to failure in the outsourcing process is the inability to carefully select the outsourcing partner. Organizations that consider implementing outsourcing as a strategic tool need to select their outsourcing partners based on their level of expertise and experience in the function being outsourced. The other factor that can also lead to success in outsourcing is providing adequate training skills needed to manage outsourcing activities and to negotiate a sound contract. It is significant for organizations that consider outsourcing to bear in mind that this involves working with third party service providers and integrating them to the culture of the organization may be a challenging task (Nayak et al., 2007).

According to Foster (1999) poor implementation of the outsourcing strategy may be a major challenge in achieving success in the exercise. He further argues that failure to observe that outsourcing needs to be implemented just like any other strategy may cause failure to its implementation. It is therefore important for firms to draft a comprehensive plan outlining detailed expectations, requirements, and expected benefits during all phases of outsourcing activities since it is significant to successful outsourcing efforts. Lack of frequent communication among cross-functional areas and all stakeholders when implementing the outsourcing strategy can be a challenge to most organizations. Communication enables the organization to pass the required information to all the concerned parties and this makes it possible to implement the strategy swiftly. Failure to communicate may lead to negative effects of outsourcing projects such as reduced morale and performance of the employees.

McIvor (2008) failure to identify the right human resources involved in the implementation of the outsourcing process may be a very serious challenge to an organization. The success of implementation of outsourcing strategy largely depends on the ability of the organization to identify the right people who may be responsible for the implementation process. McIvor (2008) further argues that the other challenge of outsourcing may involve a situation where the outsourcing organization may not have enough supporting infrastructures, lack of commitment by top management, and unclear development of objective performance criteria and these can be a hindrance towards successful outsourcing projects. In order to be able to measure performance of the outsourcing process, it is important to have a properly defined performance criterion for an outsourcing engagement that is objective, quantifiable and collectible at a reasonable cost, and should be metrics, which can be benchmarked against performance of other organizations and providers. Lack of properly defined performance criteria will negatively affect the outsourcing strategy implementation process.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter gives the methodology that was used to accomplish the research objectives. The research design, target population, data collection and analysis are discussed briefly.

## 3.2 Research Design

This study adopted descriptive cross sectional survey design. Descriptive research is used to describe characteristics of a population or phenomenon being studied. This design addresses the question ‘what are the characteristics of the population or situation being studied?’ The characteristics used to describe the situation or population is usually some kind of categorical scheme also known as descriptive categories (Patricia and Rangarjan, 2013). The cross sectional aspect of the design was chosen since the study focuses on the banking sector in Kenya.

## 3.3 Study Population

The population of this study was all the commercial banks in Kenya. According to the Central Bank of Kenya, there were 43 commercial banks in Kenya, out of which one is under statutory management.

## 3.4 Data Collection

The study made use of primary data. The data was collected by use of a questionnaire. The questionnaire had four sections: section A sought demographic information of the respondents; section B solicited data on the functions that are outsourced; section C sought data on the extent of outsourcing and section D contained questions on the challenges of outsourcing strategies. The respondents constituted Strategic Planning

Managers, Human Resource Managers, Information Technology Managers, and Finance and Administration Managers as they were best placed to provide the banks strategies, the specific outsourced activities, and the extent to which they are outsourced, how they are implemented and the challenges encountered. All the respondents were based in the city of Nairobi where the head office of each commercial bank was by then. The questionnaires were distributed to the respondents through drop and pick later method.

### 3.5 Data Analysis

The data collected was qualitative in nature and it was sorted to ensure completeness. It was coded and entered into statistical packages for social sciences for analysis (SPSS). The demographic information was analyzed using descriptive statistics by way of means and standard deviation. The functions outsourced were analyzed using frequencies and percentages, extent and challenges of outsourcing strategy were also be analyzed using descriptive statistics such as mean and standard deviation. The findings of the study were presented in tables and bar charts. The results were also explained as illustrated in the tables and bar charts in order to make them more comprehensible.

# CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

## 4.1 Introduction

This chapter presents the analysis of findings of the study. The data collected was presented in tables and bar charts to provide a picture of the variables under investigation and were analyzed by using descriptive statistics such as mean and standard deviation. This study sought to establish the outsourcing strategies among commercial banks in Kenya. The study was guided by three objectives: to find out the functions that are commonly outsourced among commercial banks in Kenya; to establish the extent of outsourcing among commercial banks in Kenya and to establish the challenges facing outsourcing strategies among commercial banks in Kenya.

## 4.2 Response Rate

The study had a sample size of 42 and data was collected from 35 commercial banks. This translates to a response rate of 83.33%. This response rate was considered significant enough to enable the researcher to generalize the findings of the study on the entire banking industry.

## 4.3 Demographic information of the Respondents

The study sought some demographic information to assist in determining the suitability of the respondents to participate in the study. The findings are presented in table 4.1 below.

**Table 4.1: Demographic information**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Duration in current position | 35 | 1 | 3 | 2.49 | .887 |
| Academic qualifications | 35 | 2 | 3 | 2.77 | .426 |
| N | 35 | | | | |

**Source: Research data**

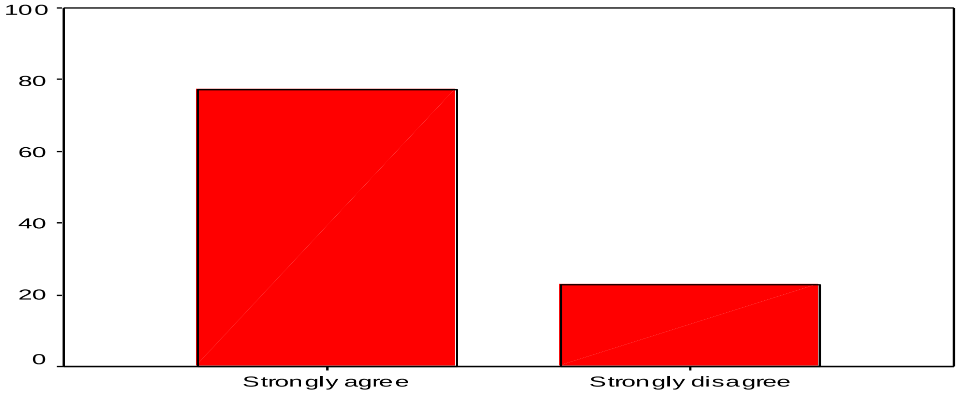
It can be observed from the findings in table 4.1 above that most of the respondents who took part in the study have been in the banking industry for 4-6 years as supported by a mean of 2.49. This implies that they have substantial experience in banking hence the ability to provide relevant information on outsourcing strategies among commercial banks. The study also established that academic qualifications of the respondents had a mean of 2.77. This mean is close to 3 which represents those with degree qualifications. It is an indication that most of the respondents have attained a degree. This is a confirmation that most of the respondents are people who are well versed with the concepts of strategy and outsourcing.

## 4.4 Outsourced Functions

The research sought to investigate the functions that are commonly outsourced by commercial banks in Kenya. The findings are presented next.

### 4.4.1 Cash management services

**Figure 4.1: Cash management services**




**Source: Research data**

The study sought to find out from the respondents whether commercial banks in Kenya outsource their cash management services. The findings as illustrated in the bar chart above reveal that 79% of the commercial banks outsource cash management services whereas 21% of the commercial banks do not outsource the service. This implies that most of the commercial banks in Kenya prefer to contract a third party to assist them in cash management.

### 4.4.2 Recruitment Services

**Table 4.2: Recruitment services**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly agree | 17 | [illegible] | 48.6 | 48.6 |
| Agree | 18 | 51.4 | 51.4 | 100.0 |
| Total | 35 | 100.0 | 100.0 | |

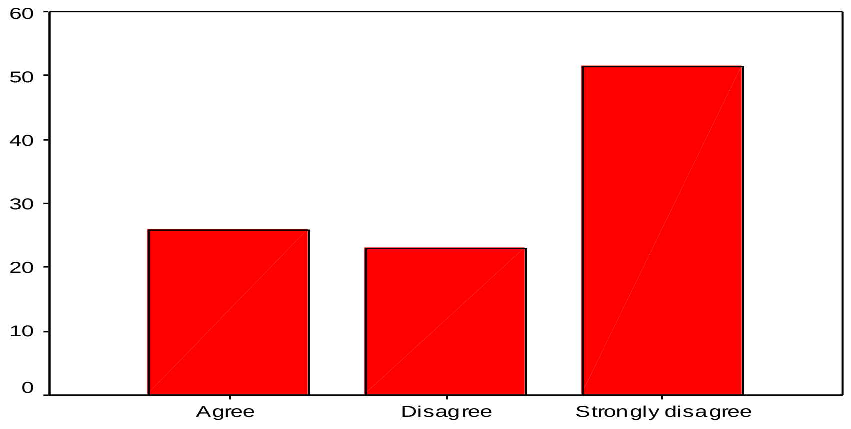
**Source: Research data**

The research wanted to find out whether commercial banks in Kenya outsource recruitment services. It is evident from the research results in table 4.2 above that

51.4% of the respondents agree that the banks outsource the service whereas 48.6% strongly agree that recruitment services are outsourced. This is a confirmation that all commercial banks in Kenya have outsourced recruitment services to a very large extent thus allowing them to deal with strategic issues in human resource management.

### 4.4.3 Account opening services

**Figure 4.2: Account opening services**




**Source: Research data**

The study sought to establish if commercial banks in Kenya have outsourced their account opening services. From the findings presented in figure 4.2 above, it is clear that 51% of the respondents strongly disagree that account opening service is outsourced; 23% disagree whereas 26% agree that account opening service is outsourced. This is an indication that most commercial banks consider account opening as part of their core activity and cannot therefore outsource it.

### 4.4.4 Security Services

**Table 4.3: Security services**

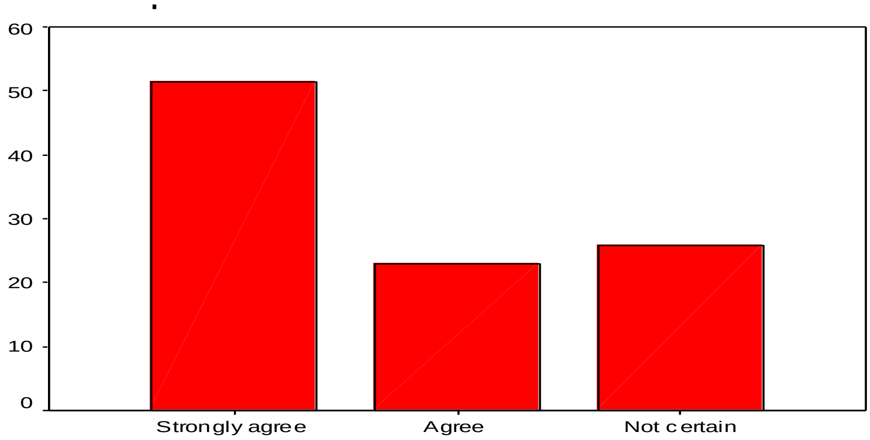
| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly agree | 27 | 77.1 | 77.1 | 77.1 |
| Not certain | 8 | 22.9 | 22.9 | 100.0 |
| Total | 35 | 100.0 | 100.0 | |

**Source: Research data**

The study sought to find out whether security services are outsourced by commercial banks in Kenya. The study reveals that 77.1% of the respondents strongly agree that outsourcing of security services is prvalent among commercial banks in Kenya whereas 22.9% were not certain. This implies that most of the commercial banks in Kenya do not employee their own security personell but rather outsource the services from security firms who are specialised in providing security.

### 4.4.5 Transportation Services

**Figure 4.3: Transportation services**




**Source: Research data**

The study sought to establish from the respondents whether transportation services are among the commonly outsourced services by commercial banks in Kenya. The findings as illustrated in figure 4.3 above reveal that 52% of the respondents strongly agree that transportation services are outsourced; 23% also agree that transportation services are outsourced by the banks and 25% were not sure. This is an indication that most of the commercial banks in Kenya opt to seek transport services from third party providers instead of proving the same service in-house.

### 4.4.6 Custodial Services

**Table 4.4 Custodial services**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly agree | 9 | 25.7 | 25.7 | 25.7 |
| Agree | 18 | 51.4 | 51.4 | 77.1 |
| Strongly disagree | 8 | 22.9 | 22.9 | 100.0 |
| Total | 35 | 100.0 | 100.0 | |

**Source: Research data**

The research wanted to establish whether outsourcing of custodial services was prevalent among commercial banks in Kenya. The findings as above confirm that 51.4% of the respondents agree that banks outsource custodial services; 25.7 strongly agree whereas 22.9% strongly disagree. This implies that most commercial banks in Kenya outsource custodial services whole a small percentage of the banks do not outsource the service.

### 4.4.7 Training of Employees

**Table 4.5: Training of employees**

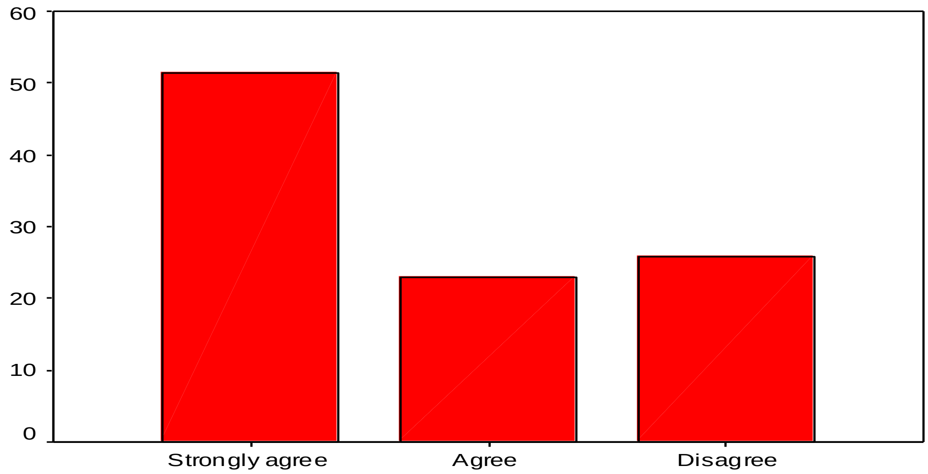
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly agree | 9 | 25.7 | 25.7 | 25.7 |
| | Agree | 26 | 74.3 | 74.3 | 100.0 |
| | Total | 35 | 100.0 | 100.0 | |

**Source: Research data**

It is revealed from the research findings on training of employees that 74.3% of the respondents agree that commercial banks outsource the service while 25.7% strongly agree that training of employees is an outsourced function. This means that banks do not consider training of employees as a core function hence the need to outsource the same.

### 4.4.8 Information Technology Applications

**Figure 4.4: Information technology applications**




**Source: Research data**

The study sought to establish whether commercial banks in Kenya outsource information technology applications. It is clear from the research results that 51% of the respondents agree that information technology applications are outsourced; 23% agree that information technology applications are outsourced. Only 26% of the respondents indicated that commercial banks do not outsource information technology applications.

### 4.4.9 Catering Services

**Table 4.6: Catering services**

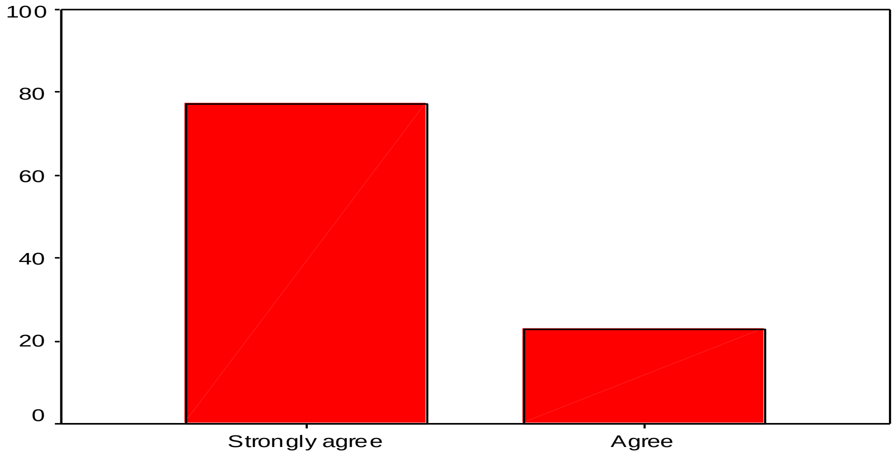
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly agree | 35 | 100.0 | 100.0 | 100.0 |

**Source: Research data**

The researcher wanted to establish whether catering services are outsourced by commercial banks in Kenya. The findings revealed that all the respondents confirmed that catering services are outsourced by commercial banks.

### 4.4.10 Advertising and Marketing

**Figure 4.5: Advertising and Marketing**




**Source: Research data**

The study sought to establish whether advertising and marketing service are outsourced by commercial banks in Kenya. The study reveals that 78% of the respondents strongly agree that advertising and marketing services are outsourced and 22% of the respondents agree that advertising and marketing services are outsourced. This is an indication that most of the commercial banks outsource all advertising and marketing services.

### 4.4.11 Facility Appraisal

**Table 4.7: Facility Appraisal**

**Facility appraisal**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Disagree | 9 | 25.7 | 25.7 | 25.7 |
| Strongly disagree | 26 | 74.3 | 74.3 | 100.0 |
| Total | 35 | 100.0 | 100.0 | |

**Source: Research data**

The study established that 74.3% of the respondents strongly disagree that facility appraisal is outsourced while 25.7% of the respondents disagree that this service is outsourced. This confirms that commercial banks in Kenya do not outsource facility appraisal services.

### 4.4.12 Automated Teller Machine Management Services

**Table 4.8: Automated Teller Machine Management Services**

**ATM management services**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly agree | 27 | 77.1 | 77.1 | 77.1 |
| | Agree | 8 | 22.9 | 22.9 | 100.0 |
| | Total | 35 | 100.0 | 100.0 | |

**Source: Research data**

On whether commercial banks in Kenya outsource Automated Teller Machine management services, it was established that 77.1% of the respondents strongly agree that Automated Teller Machine management is outsourced while 22.9% agree that Automated Teller Machine management is outsourced. This is a confirmation that most commercial banks in Kenya have outsourced Automated Teller Machine management services.

### 4.5 Extent of Outsourcing

The study sought to establish the extent to which various functions are outsourced by commercial banks in Kenya. The respondents were required to rate the functions whether they are fully, partially or not outsourced at all. The findings are presented in table 4.9 below.

**Table 4.9: Extent of Outsourcing**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Catering services | 35 | 1 | 1 | 1.00 | .000 |
| ATM management services | 35 | 1 | 1 | 1.00 | .000 |
| Security services | 35 | 1 | 2 | 1.48 | .507 |
| Advertising and Marketing | 35 | 1 | 2 | 1.49 | .507 |
| Cash management services | 35 | 1 | 3 | 1.74 | .852 |
| Transportation services | 35 | 1 | 2 | 1.75 | .443 |
| Custodial services | 35 | 1 | 3 | 1.97 | .707 |
| Recruitment services | 35 | 2 | 2 | 2.00 | .000 |
| Training of employees | 35 | 2 | 2 | 2.00 | .000 |
| Information technology applications | 35 | 2 | 3 | 2.26 | .443 |
| Account opening services | 35 | 3 | 3 | 3.00 | .000 |
| Facility appraisal | 35 | 3 | 3 | 3.00 | .000 |
| N | 35 | | | | |

**Source: Research data**

It is evident from the findings tabulated above that there are four functions that are fully outsourced by commercial banks in Kenya. The first is catering services with a mean of 1.00 indicating that all commercial banks outsource catering services. The second function is Automated Teller Machine management services with a mean of 1.00 confirming that all commercial banks in Kenya outsource Automated Teller Machine management services. The third function is security services with a mean of 1.48 confirming that most of the commercial banks in Kenya outsource their security services. The other function that is fully outsourced is advertising and marketing services with a mean of 1.49. This implies that majority of the commercial banks fully outsource their marketing and advertising services.

The findings from the study further reveal that there are three functions that seem to be largely partially outsourced by most commercial banks but there are few others that have fully outsourced the functions. These include Cash management services with a mean of 1.74 which is an indication that most banks partially outsource the function although a few fully outsource the same. Transportation service has a mean of 1.75 and this confirms that most of the banks partially outsource the function though there are a few banks that fully outsource the same. Custodial services has a mean of 1.97 and this confirms that most commercial banks in Kenya partially outsource the function with very few fully outsourcing the same.

It was also clear from the research findings that there are three functions that are only partially outsourced by commercial banks in Kenya. One of these functions is recruitment services that had a mean of 2.00. This is a confirmation that commercial banks in Kenya outsource some specific activities concerning recruitment but also conduct some other activities regarding this function in-house. Training of employees has a mean of 2.00 reflecting that commercial banks in Kenya outsource some training activities but also provide others in-house. The other function that was found to be partially outsourced is an information technology application that has a mean of 2.26. This is an indication that most commercial banks in Kenya provide some information technology applications within but also outsource others from outside. The study further established that account opening and facility appraisal have a mean of 3.00 each. This confirms that commercial banks in Kenya do not outsource account opening and appraisal of facilities since these are core functions to the banks.

### 4.6 Challenges of Outsourcing

The researcher wanted to establish the challenges facing outsourcing strategies among commercial banks in Kenya. The respondents were provided with a list of twelve perceived challenges and they were required to rate them depending on the extent they considered them as challenges of outsourcing. They were provided with a key ranging from 1= Very great extent 2= great extent 3= moderate extent 4= small extent 5= No extent. The responses obtained were subjected to descriptive statistics and the mean and standard deviation obtained in an ascending order. The results are presented in Table 4.10 below.

**Table 4.10: Challenges of Outsourcing**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Resistance to change | 35 | 1 | 3 | 1.71 | .825 |
| Inability to develop clear objectives | 35 | 1 | 4 | 2.20 | 1.079 |
| Lack of communication to stakeholders | 35 | 1 | 4 | 2.20 | 1.079 |
| Lack of top management support | 35 | 1 | 4 | 2.26 | 1.120 |
| Inadequate supporting infrastructure | 35 | 1 | 4 | 2.46 | 1.120 |
| Lack of right skilled employees | 35 | 2 | 4 | 2.74 | .852 |
| Absence of performance measures | 35 | 2 | 5 | 2.94 | 1.211 |
| Failure to consider outsourcing as a strategy | 35 | 1 | 4 | 2.97 | 1.248 |
| Resource deficiency | 35 | 1 | 4 | 3.23 | 1.330 |
| Failure to recognize outsourcing as a strategy | 35 | 1 | 4 | 3.23 | 1.330 |
| Inability to evaluate functions to outsource | 35 | 2 | 4 | 3.26 | .852 |
| De-motivation of employees | 35 | 2 | 4 | 3.49 | .887 |
| N | 35 | | | | |

**Source: Research data**

The findings from the study reveal that there are only five challenges with a mean value of less than 2.5 indicating that most commercial banks considered them as the most common challenges of outsourcing to a great extent. The first of these challenges resistance to change with a mean of 1.71 indicating that most commercial banks consider resistance to change as the most common challenge to outsourcing. The second challenge is inability to develop clear objectives with a mean of 2.2 which confirms that most commercial banks in Kenya have a challenge in developing clear outsourcing objectives. It was further evident that lack of communication to stakeholders has a mean of 2.2 revealing that most commercial banks have a challenge in communicating outsourcing strategy to stakeholders. It was also clear that lack of top management support has a mean of 2.26 an indication that in most commercial banks top management fail to support the outsourcing strategy and this makes it difficult to implement it. Lack of supporting structures has a mean of 2.46 and this reveals that most commercial banks do not have I place enough supporting structures to assist in implementation of the outsourcing strategy.

## 4.7 Discussion

The study revealed that commercial banks in Kenya outsource some activities such as recruitment services and training of employees. This means that the commercial banks outsource some human resource functions and are left with some that are more strategic in nature. This finding agrees with that of CIPD (2009) where it was argued that firms can outsource the transactional human resource activities so that they may have more time to focus on the strategic aspect of human resource management. This implies that most firms may not opt to outsource all the activities in the human resource function but rather engage in partial outsourcing where some activities are outsourced whereas those strategic ones are left for the organization to handle.

It was also evident from the study findings that most of the commercial banks in Kenya outsource a number of functions that are considered as non-core activities such as catering services; security services and information technology services. It was also discovered that the commercial banks also do not outsource some functions that are core to them such as facility approval and account opening services. The findings are in line with that of Worrel (2014) who established that it is not cost effective to have a fully functioning department in an organization if it is not important or core to the existence of the organization.

The study also established that there are some challenges that face outsourcing strategy among commercial banks in Kenya. These challenges include lack of top management support and lack of supporting infrastructure. The findings agree with McIvor, (2008) who also argues that the challenges facing outsourcing may involve a situation where the outsourcing organization may not have enough supporting infrastructures, lack of commitment by top management, and unclear development of objective performance criteria and these can be a hindrance towards successful outsourcing projects.

# CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents the summary of the findings; conclusion; recommendations and suggestions for further research.

## 5.2 Summary of Findings

The study established that there are a number of functions that are outsourced by commercial banks in Kenya. One of the functions that are commonly outsourced is security services. The findings reveal that most commercial banks seek for security services from external providers. It was further clear that commercial banks in Kenya also outsource transportation services from third parties. The results also confirmed that the commercial banks in Kenya outsource Automated Teller Machine management services to a great extent. It was evident that most of the banks do not manage their own Automated Teller Machines but rather engage other firms to provide the service. Training of employees is a function that was also found to be commonly outsourced by commercial banks in Kenya. Another function that is also commonly outsourced is recruitment services commercial banks were found to contract recruitment firms to handle for them some recruitment activities. However, some functions such as facility appraisal and account opening were found to be provided in-house since they are core business functions among the commercial banks in Kenya hence the need to handle them within the organization.

It was further evident from the study results that commercial banks in Kenya fully outsource a number of functions. One of the functions that were found to be fully outsourced is catering services. The banks were found to get their catering services from third party providers. Automated Teller Machine management services and security services were also found to be fully outsourced by commercial banks in Kenya. This means that most commercial banks do not recruit their own security personnel but rather depend on other firms to provide them with security services. Advertising and marketing function was also found to be fully outsourced by the banks. The findings also reveal that some functions are partially outsourced with some activities being performed in-house. They include cash management; custodial services; training of employees; transportation services; custodial services; information technology applications and recruitment services.

It was further clear from the research findings that there are four main challenges facing implementation of the outsourcing strategy among commercial banks in Kenya. These challenges include: resistance to change; inability to develop clear outsourcing objectives; lack of proper communication to stakeholders; lack of top management support and lack of supporting structures.

## 5.3 Conclusion

Commercial banks in Kenya outsource a number of functions such as security services, transportation services, Automated Teller Machine management services, training of employees and recruitment services. Some functions re core to the banks and are not outsourced and they include facility appraisal and account opening. Some functions are fully outsourced such as security services, catering services, Automated Teller Machine management services as well as advertising and marketing. Functions that are partially outsourced cash management; custodial services; training of employees; transportation services; custodial services; information technology applications and recruitment services. The most prevalent challenges of outsourcing among commercial banks in Kenya include: resistance to change; inability to develop clear outsourcing objectives; lack of proper communication to stakeholders; lack of top management support and lack of supporting structures.

## 5.4 Recommendations for Policy and Practice

The study has revealed that top management support is a challenge facing outsourcing strategy among commercial banks in Kenya. It will be important to seek the support of the top management before engaging in any outsourcing activity.

Lack of proper communication to stakeholders is also a challenge to outsourcing strategy among commercial banks in Kenya. It will be important to involve all stakeholders in outsourcing to reduce chances of resistance.

## 5.5 Limitations of the Study

The findings of this study are only directly applicable to commercial banks in Kenya. Their relevance therefore is limited to outsourcing among commercial banks in Kenya.

Time was also of essence and this necessitated the researcher to limit the scope of the study to commercial banks only instead of focusing on the banking industry as a whole.

## 5.6 Suggestions for Further Research

There is need to conduct a comparative study to compare outsourcing strategies among commercial banks and another industry in Kenya. This will assist in providing a more elaborate understanding of this concept.

The business environment is very dynamic and turbulent and keeps on changing. A replication of this study after some time will be appropriate to ascertain the outsourcing strategies after some years have elapsed.

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# APPENDICES

## Appendix I: Research Questionnaire

The purpose of this questionnaire is to seek data on the outsourcing strategies adopted by commercial banks in Kenya and address the objectives of the study. The data collected will be confidential and is meant for academic purposes only.

### Section A: Demographic Information

1. Years worked in the current position
    a) Less than 3 years
    b) 4-6 years
    c) More than 6 years
2. Academic qualifications
    a) Diploma
    b) Degree
    c) Postgraduate

### Section B: Outsourced Functions and Activities

Kindly indicate the extent to which you agree with the following statements concerning the outsourced functions and activities in the bank

KEY: 1=strongly agree 2= agree 3= not certain 4= disagree 5= strongly disagree

| **No** | **Function** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Cash management services | | | | | |
| 2 | Recruitment services | | | | | |
| 3 | Account opening services | | | | | |
| 4 | Security services | | | | | |
| 5 | Transportation services | | | | | |
| 6 | Custodial services | | | | | |
| 7 | Training of employees | | | | | |
| 8 | Information technology applications | | | | | |
| 9 | Catering services | | | | | |
| 10 | Advertisement and marketing | | | | | |
| 11 | Facility appraisals | | | | | |
| 12 | ATM management services | | | | | |

**Section C: Extent of Outsourcing**

Please indicate the level of outsourcing adopted by the bank for the functions listed in the table below.

KEY: 1=fully outsourced 2= partially outsourced 3= not outsourced at all

| No | Function | 1 | 2 | 3 |
|---|---|---|---|---|
| 1 | Cash management services | | | |
| 2 | Recruitment services | | | |
| 3 | Account opening services | | | |
| 4 | Security services | | | |
| 5 | Transportation services | | | |
| 6 | Custodial services | | | |
| 7 | Training of employees | | | |
| 8 | Information technology applications | | | |
| 9 | Catering services | | | |
| 10 | Advertisement and marketing | | | |
| 11 | Facility appraisals | | | |
| 12 | ATM management services | | | |

**Section D: Challenges of Outsourcing Strategy**

**Indicate the extent to which you consider the following as challenges of outsourcing strategy.**

**KEY: 1 = Very great extent 2= great extent 3= moderate extent 4= small extent 5= No extent**

| No | Challenge | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Lack of top management support | | | | | |
| 2 | Resistance to change | | | | | |
| 3 | Lack of employees with right skills | | | | | |
| 4 | Inability to develop clear objectives | | | | | |
| 5 | Absence of performance measures | | | | | |
| 6 | Failure to consider outsourcing as a strategy | | | | | |
| 7 | Inability to evaluate functions to outsource | | | | | |
| 8 | Resource deficiency | | | | | |
| 9 | Lack of clear communication to stakeholders | | | | | |
| 10 | Inadequate supporting infrastructure | | | | | |
| 11 | De-motivation of employees | | | | | |
| 12 | Failure to recognize outsourcing as a strategy | | | | | |

## Appendix II: List of Commercial Banks in Kenya as at December 2013

| COMMERCIAL BANKS IN KENYA | |
|---|---|
| 1 | African Banking Corporation Limited. |
| 2 | Bank of Africa Kenya Limited. |
| 3 | Bank of Baroda (K) Limited. |
| 4 | Bank of India |
| 5 | Barclays Bank of Kenya Limited |
| 6 | CFC Stanbic Bank Limited. |
| 7 | Charterhouse Bank Limited (Under statutory management) |
| 8 | Chase Bank (K) Limited. |
| 9 | Citibank N.A Kenya |
| 10 | Commercial Bank of Africa Limited. |
| 11 | Consolidated Bank of Kenya Limited. |
| 12 | Co-operative Bank of Kenya Limited. |
| 13 | Credit Bank Limited. |
| 14 | Development Bank of Kenya Limited. |
| 15 | Diamond Trust Bank Kenya Limited. |
| 16 | Dubai Bank Kenya Limited. |
| 17 | Ecobank Kenya Limited |
| 18 | Equatorial Commercial Bank Limited |
| 19 | Equity Bank Limited |
| 20 | Family Bank Limited |
| 21 | Fidelity Commercial Bank Limited |
| 22 | Fina Bank Limited |
| 23 | First Community Bank Limited |
| 24 | Giro Commercial Bank Limited |
| 25 | Guardian Bank Limited |
| 26 | Gulf African Bank Limited |
| 27 | Habib Bank A.G Zurich |
| 28 | Habib Bank Limited. |
| 29 | Imperial Bank Limited |
| 30 | I & M Bank Limited |
| 31 | Jamii Bora Bank Limited. |
| 32 | Kenya Commercial Bank Limited |
| 33 | K-Rep Bank Limited |
| 34 | Middle East Bank (K) Limited |
| 35 | National Bank of Kenya Limited |
| 36 | NIC Bank Limited |

| | |
|---|---|
| 37 | Oriental Commercial Bank Limited |
| 38 | Paramount Universal Bank Limited |
| 39 | Prime Bank Limited |
| 40 | Standard Chartered Bank Kenya Limited |
| 41 | Trans-National Bank Limited |
| 42 | UBA Kenya Bank Limited |
| 43 | Victoria Commercial Bank Limited |

Source: www.centralbankofkenya.go.ke