OUTSOURCING AND ORGANIZATIONAL PERFORMANCE IN THE MEDIA INDUSTRY IN KENYA

MACHARIA, GLADYS. M NJERI

SUPERVISOR

DR. MURANGA NJIHIA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER, 2014

DECLARATION

This research project is my original work and has not been submitted to any other university for examination.

Njeri Macharia Signature ………………………. Date ………………………

D61/76335/2012

Signature ………………………. Date…………………………

Dr. Muranga Njihia,

University Supervisor.

This Research project has been submitted with my approval as the university supervisor.

ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to all who contributed to the success of my research proposal. My gratitude goes to University of Nairobi for giving me a chance to pursue this course.

So much gratitude goes to My Supervisor, Dr Muranga Njihia, who enabled me to understand the essence of research methodology and how to apply it in real research scenario.

My heartfelt gratitude goes to my family, who supported me the entire period of my project. Finally my gratitude to entire media fraternity for giving me their time through consultation and support, God bless you all.

DEDICATION

This research proposal is dedicated to my beloved parents without whom; my dreams of going to school would not have been possible; God bless you. It is also dedicated to my siblings for their encouragement, patience, and understanding, in the course of my studies when they most needed my attention and whose prayers, love and tolerance have strengthened me all the time.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS AND ABBREVIATIONS

HRM	Human Resource Management
ICT	Information Computer Technology
IT	Information Technology
KBC	Kenya Broadcasting Corporation
KTN	Kenya Television Network
TCE	Transaction Cost Economics
TV	Television
UK	United Kingdom

ABSTRACT

The purpose of the study was to determine the impact of outsourcing on organizational performance in the media industry in Kenya. The study employed descriptive and survey research design. The population of the study consisted of Royal Media Services, Nation Media Group, Standard Group Ltd, Media-Max Ltd and Kenya Broadcasting Corporation focusing on print, broadcast TV, radio and electronic business lines since they are the major media in the industry hence the target population was 34 managers. Given the relatively small number of study population, a census sampling method was conducted. This study mainly used primary data which was collected using questionnaires. Data analysis used Microsoft excel and Statistical Packages for Social Sciences (SPSS) to summarize responses for further analysis and facilitate comparison. In addition, the study conducted a multiple regression analysis to show the relationship between outsourcing of services and organizational performance in the media industry in Kenya.

The results indicated that correlation between types of outsourcing and organization performance shows that there was a strong positive correlation, while a correlation between level of outsourcing and organization performance shows that there was a strong negative correlation. Similarly a correlation between outsourcing and organization performance show that there was a weak positive correlation and is significant at a= 5% and implies that the increase or decrease in independent variables would not significantly affect the beta of the firm. The increase in types of outsourcing has a positive impact on the beta.

The conclusion drawn from the findings of this study shows that the reliance of media organizations mainly on outsourcing is not sustainable in the future due to increase in demand for services from a number of customers, therefore there is need for the media to actively open up new avenues for services outsourced. The study suggests that a case study method be used in the future instead of a survey method. This is because generalizing the results of the survey study does not give the picture of specific organization and hence case study would act as better pointers of services outsourced and organization performance in an individual organization.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

According to Davis and Paul (2004), outsourcing has contributed to leveling of global inequalities as it has led to general trends of industrialization in the Global South and deindustrialization in the Global North. Outsourcing was not formally identified as a business strategy until 1989 (Olive, 2004). However, most organizations were not totally self sufficient; they outsourced those functions for which they had no competency internally. The use of external suppliers for these essential but ancillary services might be termed the baseline stage in the evolution of outsourcing. Organizations began to focus more on cost saving measures; they started to outsource those functions necessary to run a company but not related specifically to the core business. Managers contracted with emerging service companies to deliver accounting, human resources, data processing, internal mail distribution, security, plant maintenance, and the like as a matter of good housekeeping. Outsourcing components to affect cost savings in key functions is yet another stage as managers seek to improve their finances.

For instance, Buchholz and Todd (2004) stated that outsourcing is the strategic use of outside resources to perform activities traditionally handled by internal staff and resources. Sometimes known also as facilities management, outsourcing is a strategy by which an organization contracts out major functions to specialized and efficient service providers, who become valued business partners. Companies have always hired contractors for particular types of work, or to level off peaks and troughs in their workload, and have formed long-term relationships with firms whose capabilities complement or supplement their own. However, the difference between simply supplementing resources by subcontracting and actual outsourcing, is that the latter involves substantial restructuring of particular business activities including, often, the transfer of staff from a host company to a specialist, usually smaller, company with the required core competencies.

1.1.1 Concept of Outsourcing

Kotabe et.al (2008) indicated that 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 focused on its core competencies. Procurement categorization and vendor management of indirect materials and services are typically the most popular outsourced activity. Outsourced procurement teams allow companies to benefit immediately from experienced procurement specialists support & expertise. This avoids the creation of an internal team (new resources) and the required time for that team to structure itself, its processes and its expertise.

Outsourced procurement is therefore an available solution for companies who have no internal competencies but want to quickly benefit from procurement action like cost reduction, suppliers and contract management (Conner, 2001). Procurement Outsourcing is being thought of in a big way in automobile manufacturers in India and China because with increasing number of cars being produced every passing day more man hours are required in trivial issues like timely delivery of materials. Hence Procurement team cannot concentrate on its core competency of negotiations and vendor selections.

Outsourcing provides crucial visibility to clients on absolute expenditure levels. Buying is a common problem meaning spend is frequently invisible or at best under estimated. The application of professional procurement expertise to specific categories ensures fragmented buying activity is removed and compliance to approved vendors and contracts is restored. Full accountability for savings and supplier performance resides with the outsourcer. However, it is a prerequisite that the procurement service provider is given end-to-end responsibility for sourcing strategy and implementation for the specific categories in scope (Lau & Hurley, 2007).

Conner (2001) suggested that companies must realize that a major shift in their attitude to procurement will produce tangible results. They must look at it as a long term exercise and make substantial investments in their sourcing policies and more importantly in their overall outlook to business processes. There has to be a change in the mindset of the senior management if a procurement exercise has to be successful and produce results. When looking for a procurement outsourcing company, there are three areas that should form part of the review process: payment method, exact services to be provided, and metrics to evaluate performance. Companies that outsource procurement to firms located overseas need to review legal contractual obligations, hours of operation, and managerial input or access. Selecting a procurement services firm should be completed through an open contract tendering process. The quality of tender responses can be very revealing, as this type of work is the primary function of a procurement services firm.

1.1.2 Organizational Performance

According to Richard et al. (2009), Organizational Performance has been defined as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. Effective nonprofits are mission driven, adaptable, customer focused, entrepreneurial, outcomes oriented and sustainable. The Organizational Performance Initiative is designed to help organizations respond to the increased uncertainty that surrounds their missions. The Initiative focuses on helping all organizations in all sectors of the economy, government, charitable, and business.

Furthermore, Bonasia (2010) suggested that organizational performance is connected to the ideas of effectiveness and efficiency. A business organization must produce the right things and it must produce them using the fewest possible inputs if it is to have a strong organizational performance. Businesses typically try to perform well in a number of areas of organization. They try to perform well financially to realize a good return on their investment. They need to add as much value as possible in their production process. Organizations try to perform well in terms of the market in that they must gain as much market share as they can. They must be producing a product that is in demand and they must be producing it at a price that allows them to compete on the market.

Innovation might be considered to relate to improved practices, processes, equipment or products. These improvements in turn drive future productivity and profitability. Innovation can be measured using a subjective rating of the rate of product or market innovation or by measuring change in the number of new or adapted products over a fixed period of time. Subjective measures are not likely to be comparable across organizations and will be open to bias. However, they do have one major advantage (Conner, 2001). Human Resources respondents are often unsure about detailed financial information or are unwilling to supply it, whereas they are usually willing and able to give answers for subjective measures. Customer satisfaction measures are often used to assess business performance, especially in the service sector where other outcomes are difficult to measure. Customer satisfaction measures may be most appropriate for particular types of training, and training with the aim of changing customer service levels

1.1.3 Outsourcing and Organizational Performance

Bacon (2009) noted that outsourcing can improve organizational performance when applied as an organizational strategy. Outsourcing one's business processes can improve one's competitive edge. The reason behind this is that outsourcing reduces business costs. Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance. Most time, such organizations are aware that outsourcing firms my offer them an opportunity to work cheaply through efficient technology and economies of scale. By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance. Consequently, the extra amount that would have been passed to the consumers in the form of higher prices for the goods and services now becomes irrelevant as consumers pay less for their commodities. This allows businesses to compete favorably based on price thus giving them a competitive edge.

Organizations that do everything on their own may be exposed to greater levels of risk than those who outsource their business functions. Most time, the former mentioned organizations may face difficulties trying to balance between choosing the right alternatives, training their employees in that area of interest, increasing reliability, and maximizing efficiency (Gupta & Zheuder, 2004). By doing everything on its own, an organization may have a difficult time trying to eliminate risks, and usually run the risk of spending too much on infrastructural capital. Consequently, this eats into their profitability and reduces their chances of growing their organization’s businesses.

However, Jenning (2006) stated that through outsourcing, organizations can minimize their risks with regard to huge infrastructural expenditures and the overall result of this issue is that more investors will be attracted to such organizations. Outsourcing is good for business because there are certain situations that can be avoided through it. For instance, organizations that perform all their business functions may have to spend huge amounts on replacing obsolete technology. However, when that business function is outsourced, then organizations will not even the feel the pinch. This means that organizations can dedicate their resources to productive activities alone and thus enhance their effectiveness and efficiency.

Outsourcing is nothing less than the wholesale restructuring the corporation around our core competencies and outside relationships. The traditional outsourcing emphasis on tactical benefits like cost reduction, have more recently been replaced by productivity, flexibility, speed and innovation in developing business applications, and access to new technologies and skills (Bacon, 2009). Successful implementation of an outsourcing strategy has been credited with helping to cut cost, increase capacity, improve capacity, improve quality, increase profitability and productivity, improve financial performance, lower innovation costs and risks and improve organizational competitiveness. However, outsourcing does generate some problems. First of all, outsourcing usually reduces a company's control over how certain services are delivered, which in turn may raise the company's liability exposure.

1.1.4 The Media Industry in Kenya

Over the past year, the media have marked a major milestone in promoting democracy and good governance by holding the first-ever presidential debates just before the General Election in March. The series of debates provided an opportunity for Kenyans to analyze and scrutinize the candidates' performance records, election promises, and development plans. A number of new publications and broadcast programmes have been launched, helping to diversify the content available to the public, (Abuoga and Mutere, 2008).

The media industry continues to grow, taking advantage of new technologies and the people's increased access to better mobile and internet connectivity (Maloba, 2002). As county governments came into being, the media responded with newsgathering and content strategies that focus on the new regions. According to Githii, George, 2001), the industry has recorded tremendous growth since independence in 1963. From only one broadcaster the Kenya Broadcasting Corporation Initially the Kenya Broadcasting Service, inherited from the colonial government , the country today boasts 386 FM radio frequencies, 46 in Nairobi alone, and 105 TV frequencies allocated to state and private operators.

The Kenya Broadcasting Corporation (KBC) is the largest broadcasting organization in Kenya, the only service with nationwide coverage and is owned by the government. It is a public broadcaster and is run semi autonomously. KBC's aim is to inform, educate and entertain and its work includes increasing the understanding of the government's development strategies (Maloba, 2002). It operates radio and television stations and its previously generally uncritical view of the government has been replaced by a more balanced approach.

For instance Bourgault (2005) suggested that from just a handful of publications at independence, the media now publish 19 daily and weekly titles across the country. The huge investment poured into Kenya's ICT over the past few years has paid dividend through the mobile phone revolution, which in turn has drastically altered, not just banking and money transfer, but also the dissemination and consumption of media content. With mobile services penetration standing at nearly 80 per cent and more than 30 million subscribers registered on mobile networks, more and more users are utilizing technology to access the Internet and Watch or listen to TV and radio broadcasts, thus creating business opportunities for the media (Barton, Frank, 2009).

Ainslie and Rosalynde (2006), indicated that media faces challenges which include the need to continue to reduce costs while improving customer service and supporting expansion in new markets and product lines, the need to manage the complexity of omni-channel selling and customer fulfillment, the fact that boards expect lower costs and greater efficiency, facilitating career progression and developing new production skills and demonstrating a return on investment is a further issue.

1.2 Statement of the Problem

Outsourced procurement is the available solution for companies who have no internal competencies but want to quickly benefit from procurement action like cost reduction, suppliers and contract management. Organizational performance is connected to the ideas of effectiveness and efficiency. A business organization must produce the right things and it must produce them using the fewest possible inputs if it is to have a strong organizational performance. Outsourcing business processes would free your energies and enable you to focus on building your brand, invest in research and development and move on to providing higher value added services (Buchholz & Todd, 2004). Outsourcing eliminates the need for investment in infrastructure as the outsourcing partner takes the responsibility of the business processes and hence develops infrastructure for the same.

The media industry in Kenya faces several challenges which are not limited to the need to continue to reduce costs while improving customer service and supporting expansion in new markets and product lines, the need to manage the complexity of omni channel selling and customer fulfillment, the fact that boards expect lower costs and greater efficiency, facilitating career progression and developing new production skills and demonstrating a return on investment is a further issue, (Bonasia, 2010). Other studies done globally focused on outsourcing of IT services in multinational companies. The findings indicated that the key driver for outsourcing was to control operational expenses, risk sharing, acquisition of special skills and competencies, revenue sharing, establishing long term strategic relationship, among others . Many studies done here in Kenya did not focus on the effect of services outsourced on organizational performance in media industry in Kenya.

Serene (2010) carried out a study of corporate strategies on outsourcing in the savings and credit cooperative societies in Kenya. The findings indicated that differentiation strategy is mostly used by the savings and credit cooperative societies in Kenya. Mwangi (2008) carried out a study on the effect of outsourcing on firm's productivity. The findings indicated that productivity has a relationship with outsourcing. Dickens (2002) did a study on outsourcing practices in hospitality industry in Kenya and found that human resources, drugs and laboratory equipments are highly outsourced. Mukuha (2006) did a study on the influence of outsourcing on procurement practices in petroleum industry in Kenya and found that productivity, cost and quality service influence outsourcing in petroleum industry. This is why it makes sense to study outsourcing in media the media industry. Therefore the research question for this study is: What is the impact of outsourced services on organizational performance in the media industry in Kenya?

1.3 Specific Research Objective

i. To find out the types of outsourcing in the media industry in Kenya

ii. To establish the level of outsourcing in the media industry in Kenya

iii. To determine the impact of outsourcing on organizational performance in the media industry in Kenya.

1.4 Value of the Study

The study was important to the media industry in Kenya because it assisted the management to understand and appreciate emerging challenges that if not dealt with, would affect the sustainability of organizational performance. The researcher therefore proposed new ways that could be used in improving organizational performance in order to make the industry more sustainable, the media benefited from the researcher's new strategies that facilitated efficient performance of services outsourced, it also assisted the media to appreciate other alternative ways of improving organizational performance.

The study stands to benefit future researchers, scholars and academicians who would wish to study services outsourced on organizational performance in related issues. The study also provided an attempt to derive a truth in a deductive manner and truth about behavior. An investigation into the background of the previous studies led to conclusions that enlightened other aspects of future study. In addition, the research enlightened the stakeholders on the effect of services outsourced on organizational performance in media industry, creating in them awareness and the interest of ensuring stability of their respective institutions.

The study assisted in understanding the value of the theories, ability of a firm attribute to exploit specific opportunities and counter threats in the environment. Only when a firm attribute possesses value does it become a resource. To provide sustained competitive advantage, a resource must also have the remaining three qualities. The resource must be rare among the firm's present as well as potential competitors. As long as the number of firms possessing this resource is less than the number of firms needed to generate perfect competition, the resource is adequately rare to potentially create competitive advantage.

The study of outsourcing provides tactical benefits like cost reduction, have more recently been replaced by productivity, flexibility, speed and innovation in developing business applications, and access to new technologies and skills. Successful implementation of an outsourcing has been credited with helping to cut cost, increase capacity, improve capacity, improve quality, increase profitability and productivity, improve financial performance, lower innovation costs and risks and improve organizational competitiveness in the industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature on the effect of outsourced services on organizational performance in media industry, it comprised of outsourcing strategy in supply chain, conceptual framework, theories of outsourcing, empirical review and research gaps to be addressed.

2.2 Outsourcing in Organizations

Strategic outsourcing is the alternative way for the company to accomplish its value chain activities rather than performing the entire value chain activities (Jennings, 2006). In the current market place there are quiet a good number of companies that are specialized in some activities. Outsourcing these activities to the specialized companies strengthen the companies' business model either by improving the efficiency by decreasing the cost or by enhancing the effectiveness by creating differentiating advantage in terms of quality, variety, speed among others.

Economic dualism theory suggests that large companies create dual economy by subcontracting, in which they can expand their resources in times of fortune and reduce capacity in times of recession, thus using sub contracting as a cushion against economic cycles. However this theory fails in present conditions where subcontractors are seen as partners sharing risks, rewards and revenues (Bacon, 2009). This outsourcing can be entire function like Nike outsourced its manufacturing function or it can be a part of the function like many companies outsource the management of their payroll/pension systems while keeping the human resources management (HRM) activities within the system.

According to Jennings, (2006), evolution of Outsourcing Subcontracting model has changed drastically over the last two decades. One of the most common strategies was multiple sourcing, which arises from the principle not to keep all your eggs in one basket which was adequate when competition is local or national. With companies becoming global, competition has intensified, time to market cycles has to be kept low, increased innovations as customers demanding high quality products, at competitive prices became difficult with multiple sourcing strategy. This shifted the focus of companies towards parallel sourcing strategy where companies use single source within model groups and multiple sources for different products. This provides buyer benefits of sole sourcing like closer working relationships, information sharing etc and benefits of multiple sourcing like security of supply and market pricing (Barney, 2001).

2.3 Types of Outsourcing

Production is the type of supply chain outsourcing where the part or whole production process is given to the third party producer. The production outsourcing can be partial in case when company wants to reduce complexity in its own plant (Kotabe Murray & Javalagi, 2008). Another reason for production outsourcing is the testing production, where the production is outsourced for a specific period, until is possible to start within house production. Finally, there are situations where the company totally outsourcers production in case that the priority is development, marketing and sales, or simply in situation when the sales volume does not satisfy the minimum financial justifiability for local production.

Furthermore, the advantage of supply chain outsourcing of production is simplification of processes, cost efficiency and focusing on other business functional activities. The disadvantage of production outsourcing is lower level of control, possible quality issues, waiting for production window and loosing of cost efficiency element in case of large volume. If the volume grows, then it makes sense to move production in house. Warehouse is another method of supply chain outsourcing where the part or the whole warehousing is outsourced (Bacon, 2009). For example, the company may keep its own central warehouse, while outsourcers' peripheral warehouses. In this case it is wise to have own central warehouse, due to proximity of local production, handling of raw material and having overall high warehouse throughput. On the other hand, peripheral warehouses have lower volume and utilization; therefore it is reasonable to outsource them.

According to Lau & Hurley (2007), the advantage of warehouse outsourcing is the simplification of stock handling and cost reduction. The warehouse outsourcing is especially cost efficient if the payment of outsourcing service is calculated based on number of units handled in a given period, since the cost is proportional to the business volume. Disadvantage of warehouse outsourcing is lower level of control, possible problems with inventory control and possible problems with proper stock handling. Delivery is the third important method of supply chain outsourcing. The delivery outsourcing gives opportunity to the company to relieve organizational pressure of delivery, while keeping focus on sales. The company pre-sale products through its own sales force, while third party logistics delivery agent conduct the distribution.

2.4 Levels of Outsourcing

Gilley and Rasheed (2004) indicated that transaction emerged in the early1970s, when companies began to outsource their noncore functions from private companies that had been established to provide services to companies. However, these collaborations between sponsors and CRO primarily focused on the development of an individual function, and did not take on a more collaborative and dynamic format with aligned business objectives and long term strategies. The transactional outsourcing model allowed companies to access additional development capacity and expertise without adding fixed costs to their infrastructure. However, it did not leverage the efficiencies of longer term relationships for budget minded companies.

Others continue to outsource projects tactically to satisfy a short term goal for the lowest possible price. A company’s choice to outsource tactically through a relationship as business partners is uniquely driven by each company’s internal culture and business philosophies. However, all sponsors, large and small, should be aware that the more mature the outsourcing practices, the higher the potential to yield greater outsourcing quality, value and overall vendor relationship satisfaction (Malhotra, 2005).

Outsourcing practices have become an increasing trend as the demand for capacity, speed, an expanded geographic footprint, and cost containment continue to grow in the media industry. Other factors leading to project outsourcing are the increasing complexities of activities and the rising number of smaller sponsors conducting their own (Bender, 2009). As the industry moves forward and the current market pressures cause sponsors to change their relationships with vendors, outsourcing practices have begun to evolve and mature. Media companies are challenged now, more than ever, to conduct their outsourcing more efficiently in order to reduce costs while enhancing productivity. Mature sponsors have begun to strategically look for high quality partnerships that will deliver the greatest results and the most satisfactory vendor relationships.

2.5 Organization Performance

The success of an alternative organizational structure requires much more than simply moving rectangles around an organization chart. It requires a healthy balance between creativity and discipline. Designing a reorganization without applying sufficient attention to identify what else needs to happen beyond the reorganization will produce practically no positive results and may unexpectedly exacerbate other pressing issues (Kotabe Murray & Javalagi, 2008). For a reorganization to translate into substantive differences in how work is executed, an evaluation of the linkage, or nexus, between organizational structure and organizational performance must be properly conducted. A well-designed organization ensures that the form or infrastructure of the organization matches its purpose and strategy, meets the challenges posed by business realities, and significantly increases the likelihood that the collective efforts of people will be successful.

Conner (2001) suggested that an organization lays the foundation for a high performance work system as it creates a purpose and focus for the organization and its members by adopting and, more important, translating a mission, a vision, a set of core values, and operating strategies into the employee's role in making these happen. The line of sight must be clear between what employees work on every day and how their work contributes to the organization's purpose. Remember, no positive association exists between employees completing more tasks and a successful organization. What employees work on is significantly more important than how much work each completes.

Process essentially describes how work gets done. It is focused on improving the business and work processes used in the delivery of services by determining whether such areas as workflow, use of technology, and performance management procedures support the focus of the organization (Lau & Hurley, 2007). Necessary for ensuring processes are in alignment is the creation and implementation of performance measures to use as a dashboard. Results based performance measures should link to strategic objectives; provide accurate, understandable, and timely information; be accepted as legitimate by organizational members; and produce benefits in excess of their cost.

2.6 Outsourcing and performance

According to Barney, (2001) outsourcing may provide a viable strategy if firms aim to save on labor costs. A UK survey by Manpower focusing on the benefits accruing to firms from outsourcing services, found that 68 percent of firms outsource at least some services, the main motivation being cost reduction. In support Conner (2001) also emphasized that outsourcing can be used to economize on production cost, in particular by substituting in-house production with buying-in of components. They also argued that companies that do everything themselves have much higher research, development, marketing and distribution expenses, all of which must be passed on to customers. An outside provider's cost structure and economy of scale can give a firm an opportunity to be more efficient

Outsourcing is viewed as a means to provide enhanced productivity. However, many organizations never realize the full benefits of an outsourcing relationship. Outsourcing relationships fail when they are viewed as short-term or tactical solutions, rather than part of long term strategic plans (Barney, 2001). The process of considering and/or implementing an outsourcing solution must be systematic and fully documented to achieve the desired results.

Bender (2009) asserts that the decision to outsource can lead to increased productivity for businesses. For outsourcing to be successful in enhancing productivity, the decision needs to be an informed one. Good, hard, detailed information in the hands of strong management can help avoid a costly step, one that is not easily reversed. Ultimately, for outsourcing in any form to be successful in enhancing productivity, quick response times to strategic opportunities and threats are essential. Effective management of the outsourcing relationships is an organizational imperative. The decision to outsource should address the critical role of information and processes in organizations, including the role that systems play. If an entire function is to be outsourced, sufficient provision should be made in the outsourcing contract to deal with current and future requirements of the organization. Special attention should be given to the potential need for innovative solutions to be provided by the outsourcer, and to the timing of these actions.

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. Lau & Hurley (2007) find a significant relationship between outsourcing and profitability margin where they found that Chrysler's profit margin is four times high due to effective outsourcing through strategic alliances.

2.7 Review of Theories

Organizations outsource services in order to increase the level of consumer satisfaction. Despite the fact that outsourcing imposes a significant improvement on organization performance, little information is available on the effect of outsourced services on organizational performance. Few studies have investigated the role outsourced services and organizational performance. This information is important to quantify the need for organizational performance, design innovative services and screening programs that are targeted towards being competitive within the industry (Kim, et.al.2004). The study will discuss resource based view and transaction cost economics.

2.7.1 Resource Based View

The resource based view is based on the concept of productive resources. In this theory, the organization is viewed as a collection of physical and intangible resources that enable it to compete with other organization in the industry. It makes the assumptions of resource differences and resource immobility (Barney, 2001). A resource difference is the assumption that the resources that companies possess and the strategies they pursue are unique to the firm. Resource immobility is the assumption that all resources are not perfectly mobile; all resources may not be bought and sold in open markets to create resource homogeneity between firms.

For instance, a firm's competitive advantage is gained through resources that are valuable, rare, imperfectly imitable, and without strategically equivalent substitutes (Barney, 2001). The understanding of these constructs is essential to understand the relationship of this theory to other theories. Value refers to the ability of a firm attribute to exploit specific opportunities and counter threats in the environment. Only when a firm attribute possesses value does it become a resource. To provide sustained competitive advantage, a resource must also have the remaining three qualities. The resource must be rare among the firm's present as well as potential competitors.

As long as the number of firms possessing this resource is less than the number of firms needed to generate perfect competition, the resource is adequately rare to potentially create competitive advantage. A resource may be imperfectly imitable due to any of the following three factors like dependent on unique historical settings; its relation to competitive advantage is causally ambiguous and the resource is socially complex (Lau & Hurley 2007). Non substitutability indicates that there are no strategically equivalent substitutes that are valuable but are either imitable or not rare. If potential competitors can easily acquire or imitate these substitutes for the resource, then the resource does not provide a means for sustained competitive advantage.

According to Lau &Hurley (2007), the decision to outsource is a decision to replace a resource that the firm possesses with a resource in the external environment. The resource acquired should therefore be of greater value and rareness and of lesser imitability and substitutability than the resource previously possessed by the firm. Hence, a comparison of the resources of the firm with the resources of vendor firms is more crucial in deciding which resources to outsource than comparing the firms resources to each other. From a purely resource-based perspective, any resource that provides a greater competitive advantage than a substitute resource that can potentially be acquired through outsourcing should be internalized, while other resources should be outsourced

It may be noted here that the fact that a resource may be outsourced implies the availability of substitutes, which could possibly reduce the resource's potential for sustained competitive advantage. The resource may still possess this potential if the substitute resource is rare and imperfectly imitable. The resource based view also makes another prediction from its perspective as a unique combination of resource; a resource may be more productive in combination with certain other resources (Conner, 2001). Therefore, a firm has a reason to internalize when an equivalent resource is available in the environment. If the resource can create greater value in combination with the firms other resources than if it was outsourced, the resource should be internalized.

2.7.2 Transaction Cost Economics theory

Transaction Cost Economics (TCE) looks at firms as avoiders of market costs (Conner, 2001) by analyzing the relative efficiency of the market in comparison to internalization. This theory was pioneered by Coase in 1952 who predicted that "a firm will tend to expand until the costs of organizing an extra transaction within the firm become equal to the costs of carrying out the same transaction by means of exchange on the open market or the costs of organizing in another firm" (Conner, 2001). If the market is perfectly competitive, outsourcing may be more efficient than internalization. However, these conditions may not always exist. Williamson expanded on Coase's framework by identifying specific instances where firms can avoid market costs by internalizing. This approach has two behavioral assumptions that pay more attention to "human nature as we know it" (Williamson, 2006) bounded rationality and opportunism.

Furthermore, bounded rationality recognizes that agents possess limited abilities in formulating and solving complex problems and in processing information, and therefore they remain "intended rational, but only limitedly so" (Williamson, 2006). The agents are also simultaneously subject to opportunism, or self-serving with guile. All transactions in a market are associated with production costs, as well as additional costs due to incomplete contracts caused to bounded rationality and the risk of opportunistic behavior. These costs depend on the asset specificity, small numbers bargaining, and imperfect information (Walker & Roering, 2005). Asset specificity refers to the amount of dependence an asset has on an input or producer to which it is specific.

A resource that is highly asset specific requires highly specialized or idiosyncratic assets. This can arise in one or more of three ways; site specificity, physical asset specificity and human asset specificity (Williamson, 2006). This puts the producer at a higher risk as the assets are so highly specific that they cannot be easily transferred elsewhere. This can lead to a lesser number of suppliers, and a potential for noncompetitive opportunistic behavior by the suppliers. This condition creates small numbers bargaining, as a replacement for the asset cannot be found without cost. Imperfect information is the condition that it is difficult for the buyer to assess the performance of the vendor, and a complete contingent contract is not possible, leaving open risk of opportunistic behavior by the latter.

2.8 Empirical Review

Several studies had been carried out on the outsourced services and organizational performance but little had been done in media industry. Therefore, a research gap exists that need to be filled by doing a thorough study on the outsourced services and organizational performance in the media industry. After critically reviewing the literature the researcher has identified the gaps that still exist on the study of outsourced services, the past researchers have not studied on the impact of and sustainability of the outsourced services when faced with challenges like high cost, low productivity, high risk and poor quality.

There are also very weak media's operational structures throughout the country as well as lack of capacity to make the media effective in championing their common interests within and outside the government. Serene (2010) carried out a study of corporate strategies on outsourcing in the savings and credit cooperative societies in Kenya. The findings indicated that differentiation strategy is mostly used by the savings and credit cooperative societies in Kenya. Mwangi (2008) carried out a study on the effect of outsourcing on firm's productivity. The findings indicated that productivity has a relationship with outsourcing.

Conner (2001) indicated that there is also the issue of inability to galvanize the media industry to passionately get involved in the development and formulation of the most appropriate development policies, particularly to put in place cost effective service delivery mechanism throughout the country and for helping create an ideal investment environment in the media. This has not been and Inadequate availability to media of basic sector information and critical economic development data, which is fundamental in informed policy decision makings, smaller market share, poor service delivery and Government support that remains uncertain with increase competition in the sector.

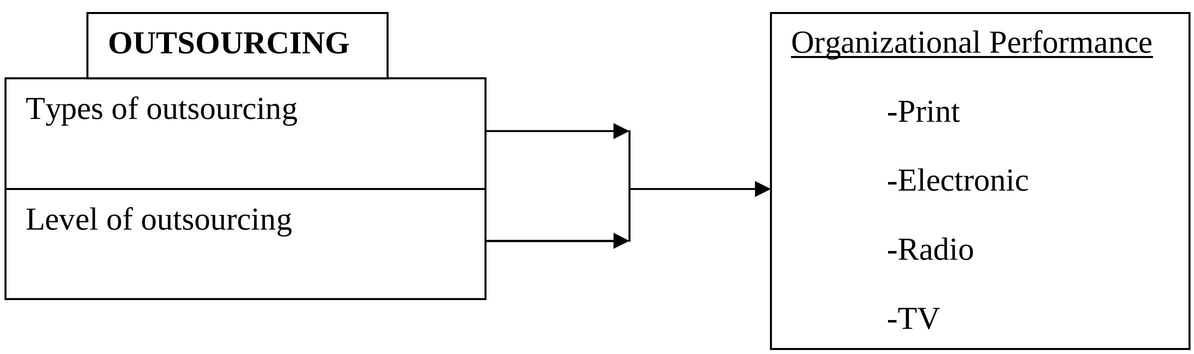
2.9 Summary of Literature Review and Research Gap

In a nutshell, the media industry is a self sustaining, income generating project that is established for the purpose of newsgathering and content strategies that focus on all the regions. The media industry continues to grow, taking advantage of new technologies and the people's increased access to accurate information. However, the media faces several challenges in the implementation of its mandate, some of the challenges include, The need to continue to reduce costs while improving customer service and supporting expansion in new markets and product lines, the need to manage the complexity of omni channel' selling and customer fulfillment and the fact boards expect lower costs and greater efficiency. The researcher in this study therefore seeks to explore ways of dealing with these challenges so as to maintain sustainability of the media industry.

2.10 Conceptual Framework

This section summarizes the framework or the model of the study in terms of variable relationships. The main variables of the study are types of outsourcing, level of outsourcing and outsourcing and performance. The variables are considered in the study as independent variables which affect performance in the media industry. The diagrammatic representations of these variables are as below

Figure 2.1 Conceptual Framework



Source: Author (2014)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study and it comprised of research design, population, data collection and data analysis. The chapter addressed the actual methodologies used in the research process from its time of inception to the end. The role of both primary and secondary data in the process of addressing the various research questions was addressed and the manner in which data was collected and later analyzed to reach a reliable conclusion was discussed.

3.2 Research Design

Research design is a plan outlining how information is to be gathered for an assessment or evaluation that includes identifying the data gathering method(s), the instruments to be used/created, how the instruments was administered, and how the information was organized and analyzed (Kisilu D. et al. 2005).

The study employed descriptive and survey research design. This design was considered appropriate because data was collected from the major media companies in Nairobi at one point in time (Kisilu D. et al. 2005). This was designed to describe the characteristics of a particular phenomenon in a situation. It was used to obtain information concerning the current status of the industry, to survey what exits with respect to the conditions in a situation. The design helped the researcher obtain information concerning the current status of services outsourced used by the sector and thus relate it to the objective of the research and therefore make it relevant to the research question as well as getting the relationship between outsourced services and organizational performance (Saunders at al. 2009).

3.3 Target Population

Population refers to the entire group of individuals, events or objects having common observable characteristics (Kisilu et al. 2005). The population of the study consisted of Royal Media Services, Nation Media Group, Standard Group Ltd, Media-Max Ltd and Kenya Broadcasting

Corporation focusing on print, broadcast TV, radio and electronic business lines since they are the major media in the industry hence the target population was 34 managers.

Table 3.1 Sample size

Organization	**Business line**	**Sample population**
Royal Media Services	Radio	2
	Tv	2
	Electronic	2
Standard Group Limited	Radio	2
	Tv	2
	Print	2
	Electronic	2
Nation Media Group	Radio	2
	Tv	2
	Print	2
	Electronic	2
Mediamax Ltd	Radio	2
	Tv	2
	Print	2
	Electronic	2
KBC	Radio	2
	Tv	2
Total	**17**	**34**

Source: Author (2014)

3.4 Sample Design

Given the relatively small number of study population, a census sampling method was conducted. According to Saunders (2009), census data offer a unique insight into small areas and small demographic groups which sample data would be unable to capture with precision.

3.5 Data Collection

This study mainly used primary data which was collected using questionnaires. The questionnaire included structured and unstructured questions and was administered through email, drop and pick later method. The structured questions was used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions was used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information. The 5 point likert scale was used to analyze the mean score and standard deviation, this helped in determining the extent to which the different media houses have outsourced services and what effect they(outsourced services) have impacted their various departments. Two (2) respondents was drawn from each business line in each media house. They are mainly procurement managers or those in equivalent positions.

3.6 Validity and Reliability of Research Instruments

3.6.1 Validity of the instruments

Once the questionnaires are returned, they were prepared for analysis. This involved editing or cleaning, handling blank responses, coding, and processing. Editing involved checking the data and correcting any errors like respondents inadvertently not answering questions in which case respondents was traced and corrections made. Afterward coding was done where the questionnaires were converted into numeric form in order to allow for quantitative analysis (Saunders, 2009).

To ensure validity, study applied the triangulation technique by using questionnaires. Data involved using various sources of information to increase accuracy of data; the researcher planned to use methodological and environmental triangulation to understand the phenomenon (Saunders 2009). The data collection instruments were designed in such a way that they measured services outsourced and organizational performance. Issues developed from conceptual framework were compared with response from questionnaire and answers obtained from questionnaires were tested for validity.

3.6.2 Reliability of the Instruments

Data reliability is a cornerstone of making a successful and meaningful study (Kisilu et al. 2005). In order to collect reliable data, the researcher designed the questionnaires through an elaborate procedure which involved a series of revisions under the guidance of the study supervisors to ensure that fieldwork is conducted by use of high quality data collection.

In order to measure internal consistency, researcher used Cronbach’s alpha method. Kisilu et al. (2005) defines Cronbachs as a coefficient of internal consistency and further discusses that it is commonly used as an estimate of reliability of a Psychometric test for a sample in the research. Cronbach’s arises from the basic classical theory that reliability of the test scores is expressed as the ratio of true score and total score (error plus true score) Variances.

3.7 Data Analysis

Data collected was quantitative in nature and analysis was done quantitatively and qualitatively by use of descriptive statistics. The descriptive statistical tools helped the researcher to describe the data and determine the effect experienced. This included tables, means and standard deviations. Data analysis used Microsoft excel and Statistical Packages for Social Sciences (SPSS) to summarize responses for further analysis and facilitate comparison. In addition, the study conducted a multiple regression analysis to show the relationship between outsourcing of services and organizational performance in the media industry in Kenya.

The functional relationship was shown by using the multiple regression equation which takes the form:

$Y = ß_0 + ß_{1T} + ß_{2L} + ß_{3E}$

Where:

Y	=	Organizational performance
T	=	Types of outsourcing
L	=	Levels of outsourcing
E	=	Outsourcing and performance

Correlation models specifically Pearson correlation was used to measure the degree of association between different variables under consideration and multiple regression analysis was used to estimate the causal relationships between stock beta and other chosen variables. Correlation was used to measure the degree of association between different variables under consideration.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the interpretation and analysis of research questions in view of what the respondents felt about them. Section 4.1 presented introduction, 4.2 discussed summary statistic, 4.3 types of outsourcing, level of outsourcing, outsourcing and performance, 4.4 presented discussions and 4.5 summary.

4.2 Summary Statistics

Descriptive analysis presents the minimum values, maximum values, mean and standard deviation of the different variables in the study.

Table 4.1 Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Y-(organizational performance)	34	7.00	14.00	10.4615	2.10616
T- (types of outsourcing	34	2.60	3.59	3.1508	.34594
L – (levels of outsourcing)	34	1.90	26.30	9.3308	6.10306
E – (outsourcing and performance0	34	2.80	3.50	3.0923	.2362
Valid N (list wise)	34				

Source: Author (2014)

To check the relationship of the variables with beta, natural logarithm was used as control variable. The mean log of types of outsourcing is 3.1 while the standard deviation is 0.34. The maximum value of the log of types of outsourcing of media firms in Nairobi is 3.59 and the minimum value is 2.6. In the same way to check level of outsourcing, the mean log is 9.3 and standard deviation is 6.1. The maximum value is 26.3 of the log of outsourcing and performance and its minimum value is 1.9.

To determine the relationship of outsourcing and performance with its beta, the outsourcing and performance is used as a control variable. From the results the average outsourcing and performance for the media firms in Nairobi was 3.09 with a standard deviation of 0.23. The maximum outsourcing and performance used by media firms is 3.5 while the minimum level of outsourcing and performance is 2.8.

4.3 Types of outsourcing, Level of outsourcing, outsourcing and performance

4.3.1 Results of Correlation Analysis

Table 4.2 Results of correlation analysis

		y	T	L	E
Y	Pearson Correlation	1			
	Sig. (2-tailed)				
T	Pearson Correlation	.697	1		
	Sig. (2-tailed)	.008			
L	Pearson Correlation	-.055	.288	1	
	Sig. (2-tailed)	.858	.340		
E	Pearson Correlation	.209	.274	.105	1
	Sig. (2-tailed)	.494	.364	.733	

Source: Author (2014)

Correlation begins with some background information on the respondents and then goes on to discuss the underlying variables in the research. A correlation between types of outsourcing and performance shows that there was a strong positive correlation, while a correlation between level of outsourcing and performance shows that there was a strong negative correlation. Similarly a correlation between outsourcing and performance shows that there was a weak positive correlation.

4.3.2 Model Fitness Results

Table 4.3 Model fitness results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747	.558	.411	1.61672

Source: Author (2014)

Regression analysis between the dependent, independent and control variables using SPSS software for media firms sourcing results from the respondents. The model table 4.3 reports the strength of the relationship between the model independent variables and model predicted values of the dependent variable. The value (55.8%) indicates a strong relationship $R^{2,}$ the coefficient of determination is the squared value of the multiple correlation coefficient. It shows that more than half (55.8%) the variation in performance is explained by the independent variables.

4.3.3 Results of Analysis of Variance

Table 4.4 Results of analysis of variance

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.707	3	9.902	3.789	.052
	Residual	23.524	9	2.614		
	Total	53.231	12			

Source: Author (2014)

The results obtained from table 4.4 indicate that (53.23) more than half of the variation in performance is explained by each independent variable. This indicates that there is a moderate relationship between independent variables and performance. The data findings analyzed also show that all other independent variables at zero, a unit increase in outsourcing led to 0.238

increases in beta stock of media firms. The adjusted R^2 was 41% and F statistics had a value of 3.789. This infers that types of outsourcing and outsourcing performance had a positive relationship with performance of media firms. However, after these findings were subjected to the F-distribution test, the critical value of 1.92 which is smaller than the observed F statistic value of 3.789. Hence there was a relationship between types of outsourcing, level of outsourcing and outsourcing performance.

4.3.4 Regression Analysis Results

Table 4.5 Regression analysis results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-4.152	6.721		-.618	.552
	T	4.691	1.458	.770	3.218	.011
	L	-.097	.080	-.280	-1.209	.258
	E	.238	2.056	.027	.116	.911

Source: Author (2014)

The study showed a multiple linear regression analysis to determine the relationship between the beta of the firm and the independent variables. The regression equation was

$ß_{it} = ß_0 + ß_{1T} + ß_{2L} + ß_{3E}$

4.4 Discussion

The study sought to establish whether types of outsourcing affect organization performance in the media industry. According to the response shown, 71% of the respondents said that types of outsourcing affect organization performance while 29% said there are no effects on organization performance. Majority of the respondents implies that types of outsourcing affect organization performance.

The results established on whether the level of outsourcing affect organization performance in media organizations showed that 69% of the respondents agree that level of outsourcing affect organization performance while 31% said there are no effects on organization performance.

Majority of the respondents implies that level of outsourcing affect organization performance. The findings revealed that outsourcing affect performance in the media organizations by 71% while 29% said that outsourcing does not affect organization performance.

4.5 Summary

The results indicated that correlation between types of outsourcing and organization performance shows that there was a strong positive correlation, while a correlation between level of outsourcing and organization performance shows that there was a strong negative correlation. Similarly a correlation between outsourcing and organization performance show that there was a weak positive correlation and is significant at a= 5% and implies that the increase or decrease in independent variables would not significantly affect the beta of the firm. The increase in types of outsourcing has a positive impact on the beta. The adjusted R^2 is 41% and the value of F statistics observed is 3.789 which are higher than critical value of F- distribution of 1.92 but the model is significant.

Secondary data obtained shows that there is a significant negative variance between level of outsourcing and organization performance and there is a projected constant increase in performance which means that the types of outsourcing would continue to grow as organization performance grows.

The results also show that media organizations still faces a lot of challenges in the management of outsourcing. The finding shows that the media still relies heavily on the type of outsourcing for its performance and therefore it needs to increase services outsourced. Although there are services outsourced for media operations, the study showed that the level of outsourcing was still low and therefore the outsourcing provisions is still underutilized.

CHAPTER FIVE

SUMMARY, CONCLUTIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary and conclusions of the study. Section 5.1 presented introduction, 5.2 discussed summary statistic, 4.3 types of outsourcing, level of outsourcing, outsourcing and performance 4.4 presented summary of the study, 5.3 discussed the conclusions, 5.4 presented the limitations of the study and 5.5 discussed the suggestions for further study.

5.2 Summary of the Study

The study aimed at assessing the impact of outsourced services and organization performance. The study applied both primary and secondary methods of data collection. Primary data was collected through the use of questionnaires administered to the respondents and secondary data was collected through previous reports on outsourcing, journals and books. The findings were summarized below.

The finding shows that type of outsourcing affect organization performance at media organizations in Nairobi; this was indicated by the majority of respondents (71%), most of the respondents also agreed that services outsourced affect organization performance; training and recruitment was found to affect organization performance to a large extent, availability of efficient and effective management was found to significantly affect to large extent and have big impact on the media performance.

The study sought to establish the impact of cost reduction on organization performance, the findings indicated that the media cost reduction is effective; this is according to 69% of the respondents. This finding contradicts the literature by Williamson (2006) that generally type of outsourcing does not have a clear cost reduction. With this kind of healthy competition, cost reduction cannot remain high much longer in the market. Majority (45%) of the respondents felt that that contract negotiation affect organization performance in the media organizations.

The findings on whether level of outsourcing affect organization performance in media industry showed that 71% of the respondents agree that level of outsourcing affect organization performance in media industry to large extent. A majority (43%) of the respondents felt that organization performance is affected by service delivery.

5.3 Conclusions

The conclusion drawn from the findings of this study shows that the reliance of media organizations mainly on outsourcing is not sustainable in the future due to increase in demand for services from a number of customers, therefore there is need for the media to actively open up new avenues for services outsourced.

There is need for the medial to effectively utilize its existing legal framework in the outsourcing efforts. Similarly the study showed that there was a relationship between the level of services outsourced and the organization performance. This implies that the more services are outsourced the more the organization performance.

5.4 Limitations of the Study

There were a number of limitations that affected the outcome of the study. The design of this study was a survey. Thus, the study suffers from the limitations of all survey studies. The researcher also encountered problem of time as the research was undertaken in a short period with limited time for doing a wider study. Lack of sufficient funds limited the study from collecting data for the study.

The respondents approached were reluctant in giving information fearing the confidentiality and sensitivity of the study as a major limitation since many respondents held information due to high level of suspicions and lack of trust where they thought the study aims to use the findings against their job undertakings.

The researcher also encountered problems in eliciting information from the respondents as the information required was subject to areas of emotions, attitudes and perceptions, which could not be accurately quantified and verified objectively.

5.5 Suggestion for further Research

The study suggests that a case study method be used in the future instead of a survey method. This is because generalizing the results of the survey study does not give the picture of specific organization and hence case study would act as better pointers of services outsourced and organization performance in an individual organization.

Reference

Abuoga, J. B. and Mutere, A. A. (2008) *The history of the press in Kenya* . *Nairobi*: ACCE,

Ainslie, Rosalynde (2006) *The Press in Africa: Communications Past and Present* . London: Victor Gollancz Ltd.

Bacon, C. (2009) *Guiding principles for managing outsourcing relationships.* Conference Proceedings, refereed papers, Dunedin, New Zealand.

Barton, Frank (2009) *The Press of Africa: Persecution and Perseverance* . New York: Africana Publishing Company

Barney, J. (2001) *Firm resources and sustained competitive advantage*, Journal of Management, Vol. 17.

Bender, P. (2009) *Cashing in on competition.* Outsourcing Journal.

Bonasia, J. (2010*). Off shoring, for good or ill, comes of age putting India on the map competitive world markets demand outsourcing, but it does drain domestic jobs*. Investor's Business Daily.

Buchholz, Todd G (2004) Bringing *the Jobs Home: How the Left Created the Outsourcing Crisis and How We Can Fix It*. New York.

Bourgault, L. M. (2005) *Mass media in Sub-Saharan Africa* . Bloomington, Indiana University Press.

Cooper D.R. (2001). *Business Research Methods*, 5th Edition, Boston Irwin, McGaw Hill, Inc.

Conner, K. R. (2001) *A historical comparison of resource-based theory and five schools of thought within industrial organization economics.* Journal of Management, Vol. 17.

Davies, Paul. (2004) *Off shoring, Outsourcing, and the Global Services Revolution*. London Press

Dickens (2002) *A survey of outsourcing practices in hospitality industry in Kenya*. Unpublished UON Project

Donald Kisilu and Delno (2006). *Proposal and thesis writing*, Pauline's publications Africa

Gilley, K. M., and Rasheed, A. (2004) *Making more by doing less: An analysis of outsourcing and its effects on firm performance*, Journal of Management, Vol. 26.

Githii, George (2001). *Press Freedom in Kenya."* In Olav Stokke (Ed.) Reporting Africa . New York: African Publishing Corporation.

Gupta, M. and D. Zheuder. (2004) *Outsourcing and its impact on operations strategy.* Production and Inventory Management Journal, Vol. 35

Jennings, D. (2006) *Outsourcing opportunities for financial services.* International Journal of Strategic Management, Vol 29

Khirallah, Diane Rezendes (2012). *Out With 'Outsourcing' And In With 'Co-Sourcing*. Information Week Magazine.

Kim, E., D. Nam, and J.L. Stimpert (2004). "*Testing the Applicability of Porter's Generic* Kroll, *Strategies in the Digital Age*, A Study of Korean Cyber Malls." Journal of Business Strategies 21, no. 1 pp 19–45.

Kotabe, M. (2008) *Efficiency vs. effectiveness orientation of global sourcing strategy.* A comparison of U.S. and japanese multinational companies. Academy of Management Executive, Vol 12

Kotabe, M., J. Murray, and R. Javalagi. (2008) *Global sourcing of service and market performance: Au empirical investigation.* Journal of International Marketing, Vol. 6

Lau, R.S. and C.N. Hurly. (2007) *Outsourcing through strategic alliances.* Management Journal Vol. 38

Maloba, W. (2002) "*The media and Mau Mau: Kenyan nationalism and colonial propaganda"*. In Beverly G. Hawk (Ed.) Africa's media image. New York: Praeger

Malhorta, Y. (2007) *An empirical analysis of the determinants of information systems productivity and the role of outsourcing policy.* Virtual Institute of Information Vol, 38

Mankiw, G. and Swagel, P. (2005). "*The Politics and Economics of Offshore Outsourcing*,"

Mugenda A.G (2008) Social *Science Research: Theory and principles*. Nairobi. Arts Press

Mukuha (2006) *A survey on the influence of outsourcing on procurement practices in petroleum industry in Kenya.* Unpublished UON Project

Olive, B (2004). "*Outsourcing Growing, Despite Controversy"*. Power Vol. 148.

Richard et al. (2009), *Measuring Organizational Performance. Towards Methodological Best Practice*. Journal of Management Vol. 12

Saunders, Lewis and Thornhill (2009) Research methods for business students, 5th edition, Prentice hall.

Serene (2010) *A survey of corporate strategies on outsourcing in the savings and credit Cooperative societies in Kenya*.

Walker, O. C. Jr., and Roering, K. J. (2005) *The organization of marketing activities. A contingency theory of structure and performance,* Journal of Marketing, Vol. 49.

Williamson, O. E. (2006) *The economics of organization: The transaction cost approach,* American Journal of Sociology, Vol. 87.

APPENDIX I: LIST OF INDUSTRY PLAYERS

1. Royal Media Services
2. Nation Media Group
3. Standard Group Limited
4. Media-Max Limited
5. Kenya Broadcasting Corporation

APPENDIX II: QUESTIONNAIRE

This questionnaire has been designed to collect information on the outsourced services on organizational performance in the media industry in Kenya, please read carefully and answers them as honestly as possible. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence.

Instructions

1. Tick appropriately in the box (☐) or fill in the space provided.

2. Feel free to give further relevant information to the research.

PART A: RESPONDENT'S PROFILE (Please tick appropriately)

1. Education level

☐ Secondary ☐ University ☐ College

2. Department

☐ Procurement

Others, please specify…………………………………………………………………..

3. How long have you been in this organization?

☐Less than 1 year ☐6 to 10 years

☐1 to 5 years ☐ 11 and above

4. Gender

☐ Male

☐ Female

PART B: TYPES OF OUTSOURCING

5. Do you think that production outsourcing affects organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree

Please explain your answer in question (5) above

……

……

6. To what extent does pressure on delivery of work affect organizational performance in the media industry?

☐ To a very large extent ☐ large extent ☐ Moderate ☐ Low extent ☐ Not at all

7. Please indicate the extent to which contract negotiations affect organizational performance in the media industry?

☐ To a very large extent ☐ large extent ☐ Moderate ☐ Low extent ☐ Not at all

8. Do you think that handling of machines affects organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐strongly disagree

9. To what extent does cost reduction affect organizational performance in the media industry?

☐ Very large extent ☐ Large extent ☐ Much extent ☐ Some extent ☐ Not so much

Please explain

……

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

PART D: LEVEL OF OUTSOURCING

10. To what extent does demand for services affect organizational performance in the media industry?

☐ Very large extent ☐ Large extent ☐ Moderately ☐ Low ☐ Not at all

11. Do you think that containing cost affects organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree

12. To what extent does quality to deliver results affect organizational performance in the media industry?

☐ Very large extent ☐ Large extent ☐ Moderate ☐ Low ☐ Not at all

13. Please indicate whether complex activities affect organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ strongly disagree

Please explain your answer

………………………………………………………………………………………………

………………………………………………………………………………………………

PART E: OUTSOURCING AND PERFORMANCE

14. Do you think that effective and efficient management affects organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree

Please explain………………………………………………………………………………

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

15. Do you think that sharing information affects organizational performance in the media industry?

☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree

17. To what extent do processes in an organization affect performance in the media industry?

☐ Very large extent ☐ Large extent ☐ Moderate ☐ Low ☐ Not at all

Briefly explain

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

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

18. Please tick the outsourced service(s) in your organization

☐ Human resources ☐ warehousing

☐ Training ☐ Others, please specify………………………………

☐ Auditing

THANK YOU.