

**BUSINESS PROCESS OUTSOURCING AND OPERATIONAL
PERFORMANCE AMONG PRIVATE HOSPITALS IN NAIROBI**

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DECLARATION

This research project is my original work and has not been submitted for a degree in any other university.

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

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DEDICATION

This project paper is dedicated to my family and friends who kept me going and in a special way to my dear mother, Mama Cecilia Wanjiru Kariuki for her great inspiration, never ending encouragement and prayers towards the successful completion of this course. Thank you Almighty God for seeing me through this long journey.

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Thank you to you all.

ABSTRACT

The private healthcare sector has made a remarkable contribution in the delivery of healthcare services in Kenya. Managing resources at today's hospitals systems is a challenge, considering the numerous clinical and business functions that need to be aligned for an organization to succeed. In these scenarios, it often makes sense for organizations to engage an outsourced services vendor partner to augment the business function, or handle it entirely. The study was conducted on business process outsourcing and operational performance among private hospitals in Nairobi. This study was set, to determine the extent to which business process outsourcing is employed by private hospitals in Nairobi, to establish the determinants of the business process outsourcing decision and to identify the challenges encountered by private hospitals in Nairobi while outsourcing its business processes. This research was conducted through cross sectional descriptive design. Primary data was collected through a questionnaire which was administered to 50 managers both senior and middle level at various hospitals in Nairobi. The data collected was sorted and coded then entered into the Statistical Package for Social Sciences. Mean and standard deviation was used to establish the extent to which business process outsourcing was employed and the determinants of the business process outsourcing decision among private hospitals in Nairobi. A multivariate regression model was used to analyse the relationship between business process outsourcing and operational performance. The study established the factors that private hospitals considered to determine services to be outsourced as being the need to reduce and control operating cost, improve focus of the hospital on core activities, gain access to world class capability, free resources for other purposes, accelerate re-engineering benefits, efficiently provide functions that are too complex to manage and to share risks. The study concludes that hospitals have been able to improve on operational performance through implementation of outsourcing strategy. Some of the benefits of outsourcing include enhancement of level of expertise at the hospitals, the hospitals are able to concentrate on core processes, risk sharing, reduction of operational and recruitment costs among others. Challenges of outsourcing highlighted from the study include risk of exposing confidential data, lack of client focus, conflict of interest, lack of management support and fear of loss of control. The study recommends that the hospitals should provide clear criterion for measuring the outcomes of the outsourcing process and ensure that the outsourced service provider focuses more on the satisfaction of clients.

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LIST OF ABBREVIATION AND ACCRONYMS

BSC:	Balanced scorecard
BPO:	Business process outsourcing
GDP:	Growth Domestic Product
VRIN:	Valuable, Rare, Imperfectly Imitable and Non-Substitutable
VRIO:	Value Rarity Imitability Organization
RBV:	Resource Based View.
ICT:	Information Communication Technology
NHIF:	National Hospital Insurance Fund
SPSS:	Statistical Package for Social Scientist
HR:	Human Resources

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today's dynamic business environment, an organization must stay competitive by thinking tactically and strategically. Globalization has driven many organizations to widen their resources and capability enhancement from internal environmental practices to greater heights. Masaaki, Michael & Murray (2012) noted that attention is increasingly shifting towards external collaboration and networking outside the boundaries of the organization. This requirement has become essential in order to be competitive locally and across the borders. One of the strategy is to focus on the core competencies and to entrust most of the activities to outside suppliers or to outsource them. Business process outsourcing is one strategy to help in reducing costs as well as improving organization performance (Laabs, 2002).

In the past, large organizations both public and private were able to achieve significant cost and differentiation advantages (Porter, 1980). Organizations are now experiencing a combination of growing business complexity and changing customer preferences, coupled with strong pressure from the capital markets. These developments are exerting pressure on organizations to act in order to remain competitive. Corbett (1999) observed that smart organizations focus on core competencies that provide high value, maximize return on internal resources, treat many services as strategic enablers and also have an internal customer/supplier orientation. This development has made business process outsourcing a key business lever for players today.

Throughout the world, hospitals and other healthcare facilities are dedicated to providing innovative, compassionate patient care, which meets high standards of quality in a cost-effective manner. The need to retain the largest market share in the midst of much competition has driven much of the strategic thinking adopted by these hospitals. By leveraging on business process outsourcing (BPO), health care companies are redefining the business model to maximize value from their business processes (Ichoho, 2013)

Rapid changes in the business environment of hospitals require senior management to adopt strategies that focus on both current success and to invest in those activities that will promote a competitive advantage for future success. Through the implementation of business process outsourcing, private hospitals are able to reduce operating costs, focus resources to achieve their core strengths, better meet customer needs, enhance market competitiveness, maintain operational flexibility and make full use of external resources to compensate for their lack of capacity.

1.1.1 Business Process Outsourcing

Business process outsourcing is defined as the operation of shifting previously internally governed transactions to an external supplier through a long-term contract. Raiborn, Janet & Marc (2009) describe business process outsourcing as the act of turning to an external organization to perform a function previously performed in-house. It entails the transfer of the planning, administration and development of activity to an independent third party. Rodriguez & Robaina (2006) on the other hand defined business process outsourcing as: “A strategic decision that entails the external contracting of certain non-strategic activities or business processes necessary for producing goods or the provision

of services by means of agreements or contracts with higher capability firms so that they may undertake those activities or business processes with the aim of improving competitive advantage.”

Firms have always sought ways to gain a competitive advantage over their competitors; however, with the increased movement towards a single globalized economy, this desire is even more prevalent for businesses today. According to Raiborn et al. (2009) one avenue that firms have pursued to improve their competitive position in this new business environment, has been through business process outsourcing in their operations, which has been found to provide a competitive advantage to these firms.

Bustinza, Arias-Aranda & Gutierrez-Gutierrez (2010) posit that business process outsourcing allows firms to focus on their own core competences, by relocating limited resources to strengthen their core product or service and to strategically use outside vendors to perform service activities that traditionally have been internal functions. Firms essentially have three kinds of processes: core processes which give strategic advantage, critical non-core processes which are important but not competitive differentiators, and non-core non-critical processes which are needed to make the environment work.

Business process outsourcing is a phenomenon applicable both locally and regionally. South Africa has been a growing hub for outsourcing, especially in the customer service industry, with European customers being the driving force behind this growth. At the end of April 2013, South Africa won the award "Outsourcing Destination 2013" in Amsterdam. This success has been attributed to advancement in technology lowering

communication costs and presence of motivated, multilingual work force (Business Process Enabling South Africa, 2014)

BPO is also a primary area of focus for Rwanda's growing and diversifying economy. The local BPO sector comprises of firms engaged in providing information technology and back office services in finance and administration to a range of clients inside and outside and the country (Rwanda Development Board, 2015)

India has moved from being just a cheap outsourcing destination to one that provides high quality service outsourcing partnerships to companies around the world. Healthcare BPO outsourcing to India is one such sector, which has gained a lot of seekers in the recent past and even now. Healthcare outsourcing started out in the lower-end spectrum with medical data entry and medical transcription. But, now healthcare providers are outsourcing other key functions such as medical, billing, coding, claims adjudication, healthcare software and medical animation among others to Indian outsourcing companies.

1.1.2 Operational Performance

Operational performance is the alignment of various business units within a company to ensure the units are helping the company to achieve centralized set of goals. This is done by reviewing and optimizing the operations of the business. Efficient and effective operational performance is expected to improve an organization's competitive advantage through price, cost, quality, delivery dependability, time to market, product innovation, customer lead times, inventory levels, and delivery time (Ngatia, 2013).

A well-defined system of operational performance measures can be a powerful means for prioritizing organizational goals and will aid achieving the organizational goals (Kirkendall, 2010). Indicators of efficient operational performance include: improved financial performance, lead time performance, improved responsiveness, customer loyalty, innovation, quality products, reduction in excess inventory levels, improvements in product/process design (Croom& Johnson, 2003). There are many parameters of performance measurement in use today which include; the Balanced Scorecard (Kaplan and Norton, 1993, 1996, 2001), Performance Prism Neely, (2002), action-profit linkage APL (Epstein and Westbrook, 2001) and the Cambridge Performance Measurement Process (Neely,1996) designed for business –wide implementation.

Balanced scorecard (BSC) is fundamentally a customized performance measurement system that looks beyond traditional financial measures and is based on organization strategy. By focusing not only on financial outcomes but also on the operational, marketing and developmental input, the Balanced Scorecard helps provide a more comprehensive view of a business, and helps organizations act in their best long-term interest. According to Kaplan and Norton (1996), The Balanced Scorecard provides managers with the instrumentation they need to navigate to future competitive success.

In this research, the measures of operational performance include quality of the service and products, cost efficiency, delivery time, flexibility, reliability and the speed of service delivery (Hassan, Islam and Ahmed, 2011)

In order to improve the performance of the entire value chain, it is necessary to cross the boundaries of individual companies and consolidate the entire chain, to achieve a

cohesive and integrated system to increase the chain's knowledge flow. The companies that can supply their products to customers faster and more efficiently will be in better position to create a sustainable competitive advantage gained from knowledge and innovation in order to create new products as the main source of economic income (Johannessen, and Olsen, 2010).

1.1.3 Business Process Outsourcing and Operational Performance

Business process outsourcing (BPO) plays an important role in organizations, helping them ensure competitiveness and competitive advantages and increase efficiency and effectiveness. Outsourcing allows companies to focus on their core competencies while having external experts handle non-core activities. The specialized company that handles the outsourced work is often streamlined and often has world class capabilities and access to new technology that a company could not afford to buy on their own, plus if a company is looking to expand, outsourcing is a cost effective way to start building foundations in other countries. Outsourcing plays a big role on organizational performance through; improved focus on core competencies, access to modern technology and expertise, cost savings, specialization and access to innovation (Kolawole& Agha, 2015)

1.1.4 Private Hospitals in Nairobi

Private healthcare system in Kenya has grown tremendously over the last two decades due to lack of adequate, quality public healthcare services and introduction of user fees. The private healthcare sector comprises activities of agents who are largely outside the control of government, individuals who privately own health facilities and seek to make

profit in the healthcare sector, clinics and hospitals owned by private employers and those operated by religious missions and other non-governmental organizations (Muthaka, Kimani, Mwaura & Manda, 2010)

The private healthcare sector has made a remarkable contribution in the delivery of healthcare services in Kenya. It has filled a resource gap for health development by improving efficiency, quality of care, providing specialty services, mobilizing human resources as well as promoting competition and complementing public sector services (Barnes, O'Hanlon, Feeley, Mckeen, Gitonga & Decker, 2010). To accomplish the economic goals anticipated in Vision 2030, the health sector both public and private sector plays a critical supportive role in maintaining a healthy, working population, which is necessary for the increased labour production that Kenya requires in order to match its global competitors(Kenya Vision 2030, 2007)

Even though the private providers believe that they are an important source of care in Kenya, they face many challenges, such as financing barriers, strict regulatory requirements and various forms of licensing that are difficult to acquire. Better working conditions in public sector; most private providers prefer to work in the public sector because of the benefits of being a government employee. Differentiating themselves from unqualified practitioners who lack formal licensing, and are providing services outside of the scope of their professional training (Barnes *et al*, 2010)

Managing resources at today's hospitals systems is a challenge, considering the numerous clinical and business functions that need to be aligned for an organization to succeed.

In these scenarios, it often makes sense for organizations to engage an outsourced services vendor partner to augment the business function, or handle it entirely.

1.2 Research Problem

Outsourcing of business processes is one of the key outcomes of the changing business operating environment. The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competences and capabilities (McIvor, 2008). In Kenya as part of the Vision 2030, BPO is considered one of the priority sectors with potential to raise Kenya's GDP growth rate if supported properly. Various strategies have been formulated to help achieve the BPO vision through; building an IT supplier base of international repute, attracting multinational company subsidiaries and foreign BPO players to Kenya among others (Kenya Vision 2030, 2007)

Outsourcing has become an increasingly popular strategy that healthcare organizations can use to control the rising costs of providing services, increase service quality levels, and enhances flexibility while allowing the business to focus on its core functions (Socrates & Michael, 2008). In Kenya today, the biggest challenge for the private hospitals in Nairobi, is how to deliver the promises made to customers of the right service, at the right time, right place and at a reasonable cost. Failure to meet this leads to customer churn and lack of brand market share. Following the practice of other industries, hospitals are turning to outsourcing to manage certain aspects of the business, to create efficiencies that will result in new savings. This will shift the focus from financial concerns to the quality and efficiency of care (Russo, 2013).

This could be further encouraged by the intensifying competition among industry players in the health sector as well as competition between the supply chain networks. The goal of outsourcing is to make the hospitals more flexible and adaptable to new environmental conditions, by focusing on its core activity, entrusting part of the tasks, activities or functions to other companies.

Global studies undertaken include (Khaki & Rasidi, 2012) who investigated business process outsourcing and its impact on operational objectives and performance of Iranian telecommunications firms and established that outsourcing could lead to better financial and non-financial performance and services. Lieb & Randall (2011) depict that majority of manufacturing firms in Latin America are outsourcing their transportation. However all of the companies are not successful in improving their supply chain performance. Lai, Lau & Cheng (2014) studied a Hong Kong logistics service provider and found that successful implementation of business process outsourcing is the key to survival and long-term prosperity for a logistics company.

Locally, Mulama (2012) established that logistics outsourcing practices being adopted by the large manufacturing firms resulted in increased productivity, organizational effectiveness, increased profits, continuous improvement and improved quality. (Miriti2014) from his study found out that most small and medium sized enterprises in food manufacturing sector in Kenya seem to consider operation cost as a major determinant when seeking to gain competitive advantage through business outsourcing strategy. Ogola (2013) established that outsourcing resulted in freed internal capacity, reduced commitment to fixed costs, and high quality of service and speedy delivery of service in the book publishing industry. According to Kamuri (2010) the benefits of

outsourcing strategy experienced in Kenyatta National Hospital are many, but implementation had been hindered by lack of resources, conflict of interests, lack of management support and political interference among other reasons.

From above studies, it is evident that little research has been done on how business process outsourcing affects the operational performance of private hospitals in Nairobi; hence the gap that this study intends to fill. This study therefore sought to answer the following research questions; does business process outsourcing affect operational performance of private hospitals in Nairobi?

1.3 Research Objectives

The objectives of this study were:

- (i) To establish the extent to which the business process outsourcing is employed by private hospitals in Nairobi.
- (ii) To establish the determinants of the business process outsourcing decision by private hospitals in Nairobi.
- (iii) To determine the challenges encountered by private hospitals in Nairobi while outsourcing its business processes.
- (iv) To establish the relationship between business process outsourcing and operational performance among private hospitals in Nairobi.

1.4 Value of the Study

The study would be of value to the management of the private hospitals as it would enable them to do a cost benefit analysis of the expected outsourcing benefits vis a vis the potential risks of outsourcing its non-core operations and ease the outsourcing decision making process.

This study would also be of great benefit to the public health sector, who can borrow a leaf, as it would act as a source of information regarding business process outsourcing and potential benefits to the smooth running of the institutions.

The policy makers would obtain guidance from this study in designing appropriate policies that would regulate the industry. The findings of the study would enable the policy makers, know the effect of outsourcing business process on hospital performance thus formulate policies that would spur outsourcing in the health institutions business processes in order to grow and enhance efficiency.

The study provides the background information to other researchers and scholars who would want to carry out further research in this area. The study facilitates individual researchers to identify gaps in the current research and carry out research in those areas, the work would also be used by students who would want to study similar area and to come up with comprehensive conclusion and reasoning in regard to outsourcing of business processes.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter literature of relevance to the study will be reviewed. Key areas of literature in this section include the theoretical framework. The study further put into context the business process outsourcing practices, business process outsourcing and performance and business process outsourcing challenges.

2.2 Theoretical Review

There is need to identify and explain relevant relationship between facts (Verma & Beard, 2011). This means that there is need to build a theoretical structure that can explain facts and the relationship between them. This study will be guided by agency theory, resource-based view, transaction-cost theory and conclusion on the theories.

2.2.1 Agency Theory

According to this theory, an agency relationship is present whenever one party (the principal and the business process outsourcing client) depends on another part (the agent and the business process outsourcing service provider). This theory is concerned with resolving two problems that can occur in agency relationships (Mitra, 2009). The agency theory assumes that goals, self-interest and risk preferences diverge between the business process outsourcing client and the service provider, but it gives little attention to the cooperative aspects of social life. It is criticized because it assumes social life is a series of contracts and ignores the existence of social and authority relationships in economic transactions (Spencer, 2005).

From the perspective of business outsourcing process, we associate the agency theory to understanding the relationship between outsourcer and vendor. Sources of the agency problem, moral hazards and adverse selection (Arrow, 1985) should be resolved by monitoring and bonding (Barney and Hesterly, 1996). Consequently, the application of the theory in the outsourcing process is in the Preparation Phase when screening for vendors and defining the relationship between the parties.

2.2.2 Resource-Based View Theory

This perspective is based on the firm's internal competence, that is the resources and capabilities. According to (Barney 1991), a firm's competitive advantage is derived from those capabilities that are unique, non-substitutable and are the main drivers of the firms' performance. Although, having heterogeneous and immobile resources is critical in achieving competitive advantage, it is not enough alone if the firm wants to sustain it. Barney (1991) identified VRIN framework that examines if resources are valuable, rare, costly to imitate and non-substitutable. The resources and capabilities that answer yes to all the questions are the sustained competitive advantages. The framework was later improved from VRIN to VRIO by adding the following question: "Is a company organized to exploit these resources?" (Rothaermel's, 2013)

According to RBV, a firm may outsource all activities other than its core competencies. RBV encourages the firm to evaluate whether it is more efficient to make a product in-house or to buy it from the market. Within this framework, outsourcing is more promising when the firm decides that a function is not part of its core competencies and it can acquire the right quality at the right price from an external provider. In the end the

goal is to reduce cost and improve service and free up management talent for the firm's core strategic business concerns (Baiye, 2012).

The resource based view theory emphasizes the internal resources of the organization in formulating strategy to achieve a sustainable competitive advantage in its markets (Valmohammadi & Servati, 2011). If the organization seems to be made of resources which can be restructured to provide it with competitive advantage, then its perspective does indeed become inside out. The basis of the resource-based view is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible in nature. King (2007) states that building of capabilities derives from initial heavy and risky investments which allow firms to exploit the opportunities available for scale and scope.

2.2.3 Transaction-Cost Theory

According to transaction-cost theory, the relative transaction and production costs associated with the process or service determines whether to outsource or internalize the process (Mahnke, Overby & Vang, 2005). The three dimensions of transactions include: frequency of transactions, uncertainty, and degree of asset specificity. If all the dimensions of the transaction are found to be low, then the firm will decide to outsource its business processes. This approach highlights the need for a detailed and specific contract between the client and vendor in order to avoid opportunism and performance measuring problems (Poppo & Zenger, 2002). But such formal and highly specific contracts may lead to distrust and opportunism. This view fosters rigidity and distrust among vendors due to its emphasis on over-specification.

Transaction-cost theory indicates that firms outsource production in order to reduce costs and to achieve cost efficiency. Production cost is the cost incurred to make the product or service e.g. labor, material, and capital. Coordination costs include monitoring, controlling and managing the work internally. If the job is handed over to an external vendor, the coordination costs are called transaction costs. Kulmala (2003) argues that externally outsourcing of services or production results in lower production costs than doing it internally due to economies of scale. But in such a case the transaction cost is high because vendors need to be managed and monitored.

Aubert, Rivard & Patry (2004) basic rule states that when the marginal costs of using markets (transaction costs) are higher than the costs of running a firm (management costs), the transaction should be organized within the firm and vice versa. Even though it has been exercised extensively in outsourcing applications, the transaction cost theory has several indulgencies. It relies on a single transaction as a unit of analysis, neglecting the contemporary industrial collaborative arrangements. It is static, which doesn't correspond to dynamism of current business environment (Lacity& Willcocks, 1995)

2.2.4 Summary on the Theories

The theories discussed above give the facts that there is substantial increase in the trend towards vertical disintegration (outsourcing) and provides evidence of increased incidence of “buy” rather than “make” strategies (Gadde & Hakansson, 2010). In Agency theory the principal hires an agent to perform a task, the principal is unable or unwilling to do. The theory assumes that both the agent and principal are motivated by self-interest, thus if true, agents are likely to pursue self-interested objectives that deviate and even

conflict with the goals of the principal (Aubert, Rivard & Patry, 2004). The relationship between the principal and the agent can be managed through negotiating a contract and service level agreement (SLA) at the onset of the outsourcing process (Michael, 2009)

The core premise of the resource-based view is that resources and capabilities can vary significantly across firms, and that these differences can be stable. If resources and capabilities of a firm are mixed and developed in a proper way they can create competitive advantage for the firm. Therefore the most prominent use of the theory is in the preparation phase of the outsourcing process for defining the decision making framework and in the vendor selection phase for selecting an appropriate vendor.

The transaction theory provides the best decision making tools to help organizations to decide whether to outsource or not, and to prepare themselves well for the task of the outsourcing arrangements. Therefore it can be noted that resource-based view theory complements transaction theory in the treatment of outsourcing, by focusing on the positive aspects of in-house strategic activities.

2.3 Business Process Outsourcing Practices

Most organizations believe that in order to compete globally, they have to look at efficiency and costs containment rather than relying strictly on revenue increases (Mitra, 2009). Outsourcing helps a firm focus on its core business, helping to create a competitive advantage within its industry (Sople, 2009). Some of the outsourcing practices have been discussed below;

One of the key issues faced by hospitals is management of ambulance fleet to cater for the need of well-equipped and maintained fleet of ambulances. Through ambulatory outsourcing, emergency services are being outsourced to well-equipped companies that have the access to modern technology, trained personnel and who are available on 24/7/365. This enables the hospitals to concentrate on key roles of health care provision (Ruchika2013). Through ambulance outsourcing, the hospitals are able to save on overheads as they don't have to make any investment in procurement of ambulances. Outsourcing converts fixed costs into variable costs and releases capital for investment elsewhere in your business, and allows you to avoid large expenditures (Allbusiness.com 2008)

Drug inventory management is a critical process in any hospital; medication inventory management is required to promote the provision of quality medical products and services to clients. It involves processes such as procurement, storage, distribution and packaging, dispensing and counseling. These tasks though not core to the hospital will require qualified health workers or other relevant personnel with appropriate skills and attitudes. Due to budget constraints many hospitals pharmacies look for ways to reduce the drug inventory cost and maximize cost-effective use of personnel through outsourcing of this function (Toshio, 2005)

Outsourcing of hospital catering services has become increasingly commonplace as way to control or reduce costs. Catering is among the areas where outsourcing is well established and hospitals have become a key source of revenues. Guidelines and patient charters have been instituted in an attempt to ensure that high quality meals are prepared

and delivered to patients. Contracted caterers specializing in meal provision have now stepped into hospitals and their responsibility may extend to ward level serving the public hospital patients (De Raeve, 1994). For successful implementation of catering outsourcing, it is important that the contract and service specification be defined comprehensively, especially in relation to the required quality, monitoring of actual quality, penalties and the non-financial evaluation process needs to be improved.

Laundry outsourcing makes sense from financial, operational and environmental perspectives for many large-volume linen users. According to its 2007 survey, Modern Healthcare magazine found that laundry processing is now the most frequently outsourced service in healthcare facilities. Processing laundry in small quantities is very labor intensive. For successful laundry outsourcing, there is need for comprehensive review of the contract and the service specifications especially in relation to the required quality and service delivery levels.

Through dialysis outsourcing, hospitals have reduced the cost and overhead entailed in retaining a full portfolio of renal specialists, who are used less than optimally at one location. On their part, physicians who have been freed up to focus on their own specialty have found they can deliver higher quality services more efficiently and be paid more as well, since hospitals save not only on their wages but overheads too. Investment in a dialysis center is a capital intensive project and not many hospitals have access to requisite skills to run and manage such centers, thus this function becomes a candidate for outsourcing by most hospitals

IT outsourcing refers to the handing over to a third party management of IT/IS assets, resources, and/or activities for required results (Thujo, 2013). The outsourcing models can be classified in several ways. (Leite 1994) classified the models of outsourcing based on the number of suppliers involved. He argued that depending on the outsourcing strategy, the organization may choose to outsource ICT to a single vendor (homogeneous model), or multiple vendors (heterogeneous model). Organizations are motivated to outsource ICT services by factors such as cost saving, focus on organization's core business, improvement of technology, service quality, access to knowledge and technology that the organization does not have among others (Prado & Takaoka, 2002).

Through Human Resource Outsourcing, organizations increasingly acknowledge the strategic importance of the human resource function (Kshetri & Dholakia, 2011). As human resource management perspectives change from operational and administrative to strategic, human resource becomes more aligned with organizational goals and strategy. This change has increased the focus of outsourcing the human resource function, and it is steadily building momentum in many organizations (Beardwell & Claydon, 2007). Barthelemy & Adsit (2013) noted that human resource services outsourcing improves service delivery. Outsourcing has been introduced as a vehicle for effecting changes that would be hard to implement internally, it also enables flexibility in that supply can be readily turned on and off (Kavuncubaşı & Yildirim, 2010). It offers an improved method of capacity management of services and technology where the risk in providing the excess capacity is borne by the supplier.

2.4 Organizational Performance Measurement

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. Organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.) (Richard, Devinney, Yip & Johnson, 2009)

Traditionally most firms used financial measures of performance only, which were better at measuring the consequences of yesterday's actions than at projecting tomorrow's performance. To be effective, performance yardsticks should continuously evolve in order to properly assess performance, focus resources on continuous improvement and motivate personnel. Balanced scorecard (BSC) is fundamentally a customized performance measurement system that looks beyond traditional financial measures and is based on organization strategy. By focusing not only on financial outcomes but also on the operational, marketing and developmental input, the Balanced Scorecard helps provide a more comprehensive view of a business, and helps organizations act in their best long-term interest. According to (Kaplan & Norton, 1996), The Balanced Scorecard provides managers with the instrumentation they need to navigate to future competitive success.

In the current research, the measures of operational performance include quality of the service and products, cost efficiency, delivery time, flexibility, reliability and the speed of service delivery (Hassan, Islam & Ahmed, 2011)

2.5 Business Process Outsourcing and Organizational Performance

Business process outsourcing is attractive to senior management because it improves some of the dimensions of organizational performance. According to (Logan, Faught & Ganster, 2004) outsourcers who know how to manage the process can enhance their company's performance and achieve a high level of satisfaction with the results. The business process outsourcing of non-core activities allows the organization to increase managerial attention and resource allocation to those tasks that it does best. It relies on management teams in other firms, to oversee task which the business process outsourcing firm is at a relative disadvantage. This focus can improve results by allowing the firm to be more effective, more innovative and more skilled in those activities.

Support for BPO's positive impact on firm performance is anchored on the argument that, one of the main reasons for outsourcing, is to enable firms heighten their strategic focus, concentrate full energies and resources on value chain activities that are core of their strategies and can create unique values (Barthelemy & Adsit, 2013). Also in support of BPO's positive impact, (Gilley & Rasheed, 2000) argue that, by allowing outside specialist organizations to concentrate on certain tasks, firms may increase their performance by focusing narrowly on things they do best. Similarly, other scholars in support for BPO' positive contribution to performance, view the distinctive resources gained from the alliance partners as generating higher rents than those generated independently by the resources of each firm (Rodriguez & Robaina, 2006).

Business process outsourcing initiative reduce investment in assets, free-up resources for other purposes, and generate cash by transferring assets to the service provider. One

important risk is the possible loss of differentiation in the service, which, when outsourced to a supplier from whom another customer also acquires it, becomes easily imitable, and the possibility of gaining any competitive advantage from it is lost. Therefore, the organization must develop specific, idiosyncratic relationships that enable it to generate relational capabilities and rents. Along these lines, (Reve 2010) consider that companies' business process outsourcing key functions or functions central to their business must preserve the means to establish policy and direction as well as monitor delivery of the service and control the supplier.

2.5.1 Empirical Review of Business Process Outsourcing and Organizational Performance

The concept of outsourcing of services has been expounded both in the literature as well as from the empirical studies done on the subject area. According to a study by (Menachemi, Burkhardt, Shewchuk, Burke & Brooks, 2007) on effects of outsourcing IT functions on financial performance in hospitals, findings suggest that the decision to outsource IT functions was not related to any of the hospital financial performance, specifically IT functions did not correlate with net inpatient revenue, hospital expenses, cash flow ratio or operating margin. According to a study done (Wanyonyi, 2014) it indicated a strong relationship exists between logistics outsourcing and performance of road construction projects in Nairobi County, meaning outsourcing of transport services, material handling, and information management had an impact on projects performance in terms of cost reduction, quality service, increased productivity as well as risk control.

(Ichoho,2013) from her research on the implementation of outsourcing strategy at Nairobi hospital, concluded that outsourcing benefits were many such as enhanced level of expertise, reduced costs, increased efficiency in service delivery, these benefits however have to be counter checked against drawbacks such as risk of hospital confidential information exposure and reduced customer service focus by the outsourced firms.

According to study by (Dorobin 2014) on ICT outsourcing and performance of humanitarian organizations in Kenya. The findings revealed that over 50 percent of the respondents agreed that outsourcing of ICT services has benefits to the general performance of the organization. To a large extent use of ICT services has improved the performance humanitarian organization and further revealed that majority of the respondents gave data security risk as the highest challenge.

2.6 Determinants and Challenges of the Business Process Outsourcing Decisions

Beyond cost savings and the need for organizations to focus resources on their business's core strengths, there are other reasons why an organization should or should not outsource. After all, not all outsourcing companies are created equal, and outsourcing, in general, is not necessarily the end-all and be-all of corporate strategy. These other factors must touch upon the following; technical expertise, quality of service, vendor's expertise in a firm's business space and overall business strategy (Kalawole & Agha, 2015). According to Zameer & Ali (2013) the main reason of outsourcing is for the company to focus on their core competencies and invest in other organization's institutional aspects such as organization management style, design, more convenient system and flexibility in processes.

Companies in demand BPO must make the right decisions about BPO services to outsource and which services to retain in-house, precisely taking into account the potential risks involved in BPO and calculate the long-term economic consequences they get from BPO. Many other firms have failed because of risks which include loss of organizational learning, information security and privacy problems in BPO arrangements. Declining rate of innovation, motivation loss of remaining employees, low-performance rates, high-transaction costs, and other hidden costs that may significantly exceed initial capital estimates (Willcocks & Feeny, 2006).

Relly & Tamkem (2006) mention that a principle objection to BPO is the possible loss of competitive advantage through loss of staff skills and expertise, insufficient internal investments and the passing of knowledge and expertise to the suppliers who may be able to seize the initiative for their advantage. When a service is outsourced, clients gradually lose their understanding of the service over time. The firm may lose its capacity to stay up to date with the technological breakthroughs. Healthcare fraud, waste and abuse are also challenges likely to impact the future of the BPO industry.

2.7 Conceptual Framework

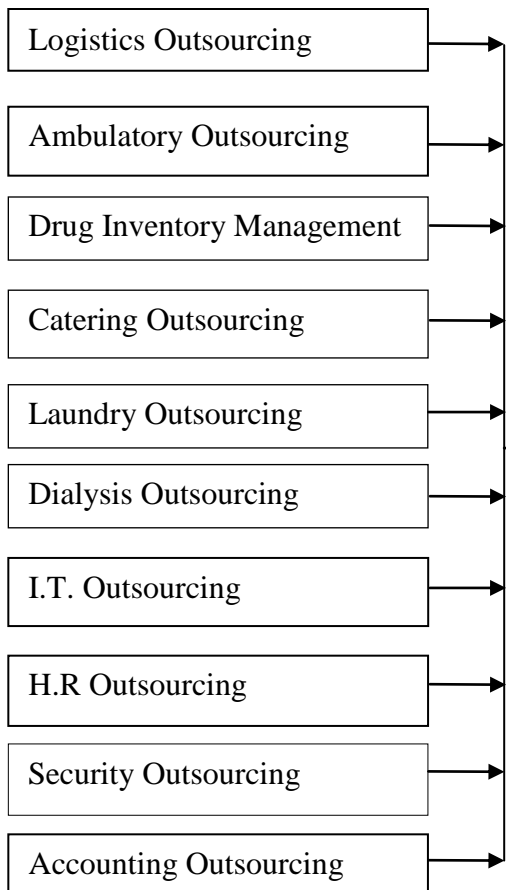
A conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Enz, 2010). The schematic diagrams below will not only guide the study but will also show the interrelationship among the key variables in the study as illustrated in Fig. 2.1. This study adopts a conceptual framework of business process outsourcing to identify some underlying forces behind different aspects of the concept of business process outsourcing

practices. In particular, it investigates the significance of logistic support, support services, information management practice and operational performance.

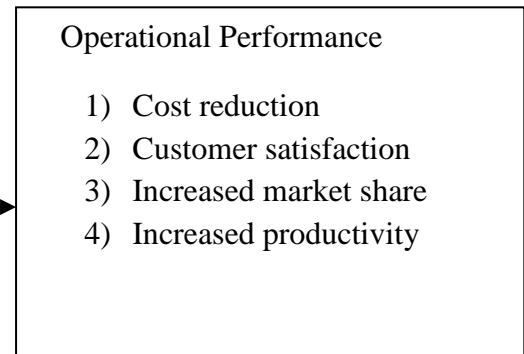
Figure 2.1: Conceptual Framework

Business process outsourcing practices

Independent variables



Dependent variables



Source: Researcher (2015)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the research design, population of the study, data collection instruments and the techniques for data analysis.

3.2 Research Design

The study adopted a cross sectional descriptive design. Cross sectional descriptive design aims to describe or define a subject, by creating a profile of private hospitals through the collection of data and tabulation of the frequencies of research variables or their interaction (Cooper & Schindler, 2003). A survey is deemed appropriate as it would enable the researcher to make comparisons based on differences in demographics. These require a broad range of data which would be possible through a survey.

3.3 Population of the study

The population of the study comprised all the in-patient private hospitals operating in Nairobi accredited by NHIF. According to NHIF classification (2015) there are 50 private hospitals in Nairobi as the number is relatively small all of them participated, hence the study was a census. Census surveys have been found to be most accurate in making comparisons and generalizations (Bryman & Bell, 2007).

3.4 Data Collection

Primary as well as secondary data was used for the study. Primary data enabled the researcher to answer the research objectives since the questions are tailored for the study. The questionnaire was designed on a five point Likert type scale and was administered through a drop- and –pick- later method. The Likert Scale was used, as it's the most

universal method for survey collection that is easily understood. The responses are easily quantifiable and subjective to computation of some mathematical analysis (LaMarca, 2011). The selected respondents in this study were officers/managers such as operations and general managers heading departments or members of the management team in each department who became respondents. These are viewed as officers who by the virtue of their positions are responsible for day to day running of the hospital, hence expected to be well versed with strategy formulation and implementation and also on matters of procurement of goods/services from external vendors. Secondary data was also collected from various companies, journals and relevant texts.

3.5 Data Analysis

The data obtained through the questionnaires was first checked for completeness. The questionnaires found correctly filled and fit for analysis were coded and all the data entered into statistical package for social sciences and analyzed based on descriptive statistics. The descriptive statistics to be used include mean scores, percentages and ratios. These was then be presented using tables for easier interpretation. Regression analysis was used as it provides a means of objectively assessing the degree of the relationship between the independent variables and the dependent variable: the regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variables.

Below is a summary of how the data collected was analyzed.

Objective	Questionnaire	Data analysis
General information	Section A	Descriptive statistics
I	Section B	Descriptive statistics
II	Section C	Descriptive statistics
III	Section D	Descriptive statistics
IV	Section E	Regression analysis
V	Section F	Descriptive statistics

The regression model will be of the form;

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8 + B_9X_9 + \epsilon$$

Where Y is the Operational Performance

X₁= Ambulatory Outsourcing

X₂= Drug Inventory Management Outsourcing

X₃= Catering Outsourcing

X₄= Laundry Outsourcing

X₅= Dialysis Outsourcing

X₆= Information Technology Outsourcing

X₇= Human Resource Outsourcing

X₈= Security Outsourcing

X₉= Accounting Outsourcing

ϵ= Error term

CHAPTER FOUR: ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the data collected from the field, analysis and interpretation. The study sought to establish the business process outsourcing and operational performance among private hospitals in Nairobi. To achieve this, the study was guided by four objectives: To establish the extent to which the business process outsourcing is employed by private hospitals; to establish the determinants of the outsourcing decision by private hospitals; to determine the challenges encountered by private hospitals while outsourcing its business processes and to establish the relationship between business process outsourcing and operational performance among private hospitals. Data was collected using questionnaires as the data collection instrument whose presentation and interpretation is given below;

4.1.1 Response Rate

The study targeted 50 respondents from in-patient private hospitals operating in Nairobi accredited by NHIF. Out of the distributed 50 questionnaires, 37 questionnaires were fully filled while 13 were not fully filled and returned translating to a response rate of 74%. This response rate is within the statistically significant response rate for analysis and generalization of findings to the entire population (Mugenda and Mugenda, 2003).

4.2 Demographic Characteristics

This study sought to establish the highest level of education, the length of continuous service with the hospital, number of employees and the number of years the hospital had been in operation.

4.2.1 Highest Level of Education Qualification

The study sought to establish the highest level of education qualification of the respondents. The findings are shown below in Table 4.1:

Table 4.1 Highest Level of Education Qualification

	Frequency	Percentage
Post graduate level	10	27.0
University	15	40.5
Tertiary College	10	27.0
Secondary	2	5.5
Total	37	100.0

Research data (2015)

From the findings in Table 4.1, majority of the respondents had university level of education at 40%, followed by postgraduate level and tertiary level at 27% each and the least secondary level at 5.5%. This shows that majority of the respondents had knowledge on the business process outsourcing and how it had influenced performance in their hospitals thus the response they gave was relevant and reliable.

4.2.2 Length of Continuous Service with the Hospital

The findings on the length of continuous service with the hospital are illustrated below in

Table 4.2:

Table 4.2: Length of Continuous Service with the Hospital

Length	Frequency	Percent
6-10 Years	13	35.1
11-15 Years	17	45.9
16-20 Years	7	19.0
Total	37	100.0

Research data (2015)

From the findings in table 4.2 above majority of the respondents had worked for 11-15 years at 45.9%, followed by 6-10years at 35.1% and the least 16-20 years 18.9%. From the findings, a majority of the respondents had worked in their hospitals long enough; hence they were more conversant with the business outsourcing process. This therefore goes to show that the data collected was reliable as the respondents were well conversant with the hospital operations.

4.2.3 Number of Employees

The respondents were asked to indicate the number of employees they had in their hospitals. The findings are well illustrated in the Table 4.3:

Table 4.3 Number of Employees

	Frequency	Percent
Less than 100	16	43.2
100 – 499	14	37.8
500 – 999	5	13.5
Above 1000	2	5.5
Total	37	100.0

Research data (2015)

From the results in table 4.3 above, majority 43.2% of the hospitals under study had less than 100 employees, 37.8% had between 100-499 employees, 13.5% had between 500-

999 employees and the least 5.4% had above 1000 employees. These shows that the operations in the majority of the hospitals were average as they needed few employees and hence the need to outsource other services.

4.2.4 Period the Hospital had been in Operation

The findings on the number of years the hospital had been in operation are illustrated below in Table 4.4:

Table 4.4 Period the Hospital had been in Operation

	Frequency	Percent
Less than 5 years	5	13.5
6-10 Years	4	10.8
11-15 Years	12	32.4
16-20 Years	9	24.3
Above 20 Years	7	19.0
Total	37	100.0

Research data (2015)

From the Findings in Table 4.4 above, hospitals which had been in operation for between 11- 15 years accounted for the highest proportion at 32.4% followed by those between 16-20 years at 24.3%, those above 20 years at 19.0%, those less than 5 years at 13.5% and the least between 6-10 years at 10.8%. These findings show that the respondent hospitals had been in operation for long enough to develop different business outsourcing processes to enhance operational performance.

4.3 Extent to which BPO was Employed in Private Hospitals

The first objective of the study is to establish the extent to which business process outsourcing is employed by private hospitals. The findings are shown on Table 4.5;

Table 4.5 Outsourced Services

	Mean	Std. Deviation
Security Outsourcing	3.76	1.234
Dialysis Outsourcing	3.59	1.257
Drug Inventory Management Outsourcing	3.54	1.216
Accounting Outsourcing	3.45	1.343
Others	3.41	1.301
Ambulatory Outsourcing	3.35	1.111
Information Technology Outsourcing	3.14	1.251
Laundry Outsourcing	3.03	1.341
Catering Outsourcing	2.92	1.402
Human Resource Outsourcing	2.78	1.228

From the findings in table 4.5 above, security outsourcing had a mean of 3.76 with standard deviation of 1.234; dialysis outsourcing had a mean of 3.59 with standard deviation of 1.257; drug inventory management outsourcing had a mean of 3.54 with standard deviation of 1.216; accounting outsourcing had a mean of 3.45 with standard deviation of 1.343; ambulatory service had a mean of 3.35 and standard deviation of 1.111; information technology outsourcing had a mean of 3.14 with a standard deviation of 1.251 and laundry outsourcing had a mean of 3.03 with standard deviation of 1.341. These shows that the outsourced services had influence on the business outsourcing process to a moderate extent as employed by the private hospitals in Nairobi.

Catering outsourcing had a mean of 2.92 with a standard deviation of 1.402 and human resource outsourcing had a mean of 2.78 with standard deviation of 1.228.

These findings show that catering and human resource outsourcing to a low extent had influence on the business outsourcing process in the private hospital in Nairobi.

These findings are in agreement with (Sople 2009) that outsourcing helps a firm focus on its core business, helping to create a competitive advantage within its industry. To a moderate extent most of the hospitals were adopting these outsourcing practices.

4.4 Business Process Outsourcing Practices

The respondents were asked to indicate the extent to which each of the identified business outsourcing practices were applied in their hospitals. The findings are shown below on Tables 4.6- 4.13

4.4.1 Ambulatory Outsourcing

Table 4.6: Ambulatory Outsourcing

Ambulatory Outsourcing	Mean	Std Dev
Allows timely movement of patients requiring emergency care to referral hospitals	3.49	1.283
Its saves the hospital capital and maintenance costs of having to own a fleet of ambulances	3.62	1.187
Its helps the hospital to focus on the core business of health care provision	3.24	1.256
Its saves the hospital the cost of having to hire trained personnel to man the ambulances 24/7/365	3.68	1.107

Research data (2015)

From the findings on Table 4.6 above ambulatory outsourcing allows timely movement of patients requiring emergency care to referral hospitals had a mean of 3.49 with standard deviation of 1.283, saves the hospital capital and maintenance costs of having to own a fleet of ambulances had a mean of 3.62 with standard deviation of 1.187, helps the hospital to focus on the core business of health care provision had a mean of 3.24 and standard deviation of 1.256, saves the hospital the cost of having to hire trained personnel to man the ambulances 24/7/365 had a mean of 3.68 and standard deviation of 1.107. These results show that the ambulatory outsourcing had influence on the business outsourcing practices to a moderate extent.

4.4.2 Drug Inventory Management Outsourcing

Table 4.7: Drug Inventory Management Outsourcing

	Mean	Std Dev
It results in quick drug prescription processing for customers/ patients	3.68	1.248
Its ensures no stock outs due to proper inventory level scheduling and proper record keeping	3.73	1.262
The costs of maintenance of stocks in the hospital reduces due to inventory control management	3.44	1.206
The hospital has integrated suppliers in the supply chain in order to reduce costs and improve customer service	3.92	1.299

Research data (2015)

Drug inventory management outsourcing results in quick drug prescription processing for customers/ patients had a mean of 3.68 and standard deviation of 1.248, ensures no stock outs due to proper inventory level scheduling and proper record keeping had a mean of 3.73 with standard deviation of 1.262, costs of maintenance of stocks in the hospital reduces due to inventory control management had a mean of 3.44 with standard deviation of 1.206 and hospital has integrated suppliers in the supply chain in order to reduce costs and improve customer service had a mean of 3.92 with standard deviation of 1.299. Drug inventory management had influence on the business process outsourcing practices in private hospitals in Nairobi to a moderate extent.

4.4.3 Catering and Laundry Outsourcing

Table 4.8: Catering and Laundry Outsourcing

Catering and Laundry Outsourcing	Mean	Std Dev
Sanitation in the hospital has improved as a result of outsourcing	2.70	1.127
The hospital makes savings on having to invest in laundry and kitchen equipment	2.73	1.262
Outsourcing in the hospital results in proper patients feeding	2.41	1.040
In the hospital there is proper maintenance of hygiene to the industry's best practice	2.43	1.144
Its helps the hospital to focus on the core business of health care provision	2.59	1.066

Research data (2015)

On catering and laundry outsourcing, Sanitation in the hospital has improved as a result of outsourcing had a mean of 2.70 with standard deviation of 1.127, hospital makes savings on having to invest in laundry and kitchen equipment had a mean of 2.73 with standard deviation of 1.262, Outsourcing in the hospital results in proper feeding of patients had a mean of 2.41 and standard deviation of 1.040. In the hospital there is proper maintenance of hygiene to the industry’s best practice had a mean of 2.43 with standard deviation of 1.144, Outsourcing helps the hospital to focus on the core business of health care provision had a mean of 2.59 with a standard deviation of 1.066. From the findings catering and laundry outsourcing to a low extent influence the business process outsourcing practices in the private hospitals in Nairobi.

4.4.4 Dialysis Outsourcing

Table 4.9: Dialysis Outsourcing

Dialysis Outsourcing	Mean	Std Dev
Dialysis outsourcing saves the hospital from having to invest significantly in costly equipment	3.86	1.251
Its saves the hospital the cost of having to hire trained personnel and to keep training them to keep abreast with advancement in technology.	3.73	1.194
Physicians are freed up to focus on their own specialty and can deliver high quality services	3.76	1.188
It allows the hospital to exploit more advanced technologies	3.92	0.924

Research data (2015)

Dialysis outsourcing saves the hospital from having to invest significantly in costly equipment had a mean of 3.86 with a standard deviation of 1.251, saves the hospital the cost of having to hire trained personnel and to keep training them to keep abreast with advancement in technology had a mean of 3.73 with a standard deviation of 1.194, Physicians are freed up to focus on their own specialty and can deliver high quality services had a mean of 3.76 with a standard deviation of 1.188 and it allows the hospital

to exploit more advanced technologies had a mean of 3.92 and standard deviation of 0.924. These shows that dialysis outsourcing in the private hospital in Nairobi had influence on business process outsourcing process to a moderate extent. The hospitals were outsourcing these services because of the high cost of purchases and maintenance of the dialysis machines thus this would improve on operations and save on cost.

4.4.5 Information Technology Outsourcing

Table 4.10: Information Technology Outsourcing

Information technology Outsourcing	Mean	Std Dev
The hospital IT facilitates the organizations’ ability to reintegrate the outcomes of outsourced processes back into their internal operations	2.84	1.143
IT outsourcing helps the hospital from being locked up into specific assets and technologies	2.68	1.056
Effectiveness is achieved with the use of information technology in the hospital	3.43	0.959
It allows the hospital to exploit more advanced technologies	3.57	1.119

Research data (2015)

On information technology outsourcing, the hospital IT facilitates the organizations’ ability to reintegrate the outcomes of outsourced processes back into their internal operations had a mean of 2.84 and standard deviation of 1.143, IT outsourcing helps the hospital from being locked up into specific assets and technologies had a mean of 2.68 and standard deviation of 1.056, Effectiveness is achieved with the use of information had a mean of 3.43 and standard deviation of 0.959 and allows the hospital to exploit more advanced technologies had a mean of 3.57 and standard deviation of 1.119. The finding shows that the hospitals were outsourcing IT services in order to improve efficiency and improve the operations.

4.4.6 Human Resource Outsourcing

Table 4.11: Human Resource Outsourcing

Human Resource Outsourcing	Mean	Std Dev
Outsourcing training and payroll has led to a higher propensity for organizational innovation	3.19	1.221
Human resource outsourcing guarantees efficiency in service provision	2.76	1.140
Service delivery in the hospital has improved as a result of outsourcing	3.03	1.118
Outsourcing of HR services has seen the hospital get access to expert services, capitalize on the excellent quality from external vendors	3.30	1.127
Outsourcing of HR services reduces the workload on Staff hence allowing the organization to focus on strategic decision making	3.19	0.967
Outsourcing helps in efficient handling of compensation and benefits	3.70	1.199

Research data (2015)

On HR outsourcing, outsourcing training and payroll has led to a higher propensity for organizational innovation had a mean of 3.19 with standard deviation of 1.221, Human resource outsourcing guarantees efficiency in service provision had a mean 2.76 with standard deviation 1.140, Service delivery in the hospital had improved as a result of outsourcing had a mean of 3.03 with standard deviation of 1.118, Outsourcing of HR services has seen the hospital get access to expert services, capitalize on the excellent quality from external vendors had a mean of 3.30 with standard deviation 1.127, Outsourcing of HR services reduces the workload on staff hence allowing the organization to focus on strategic decision making had a mean of 3.19 with standard deviation of 0.967. Outsourcing helps in efficient handling of compensation and benefits had a mean 3.70 with standard deviation of 1.199. The human resource outsourcing had influenced BPO to a moderate extent; this means that the private hospitals were outsourcing human resource function to access expert services and to improve operations.

4.4.7 Security Outsourcing

Table 4.12: Security Outsourcing

Security Outsourcing	Mean	Std Dev
Organization staff are able to focus on the core activities	4.00	1.106
Allows for safeguard of the company resources	3.99	1.211
Company benefits from properly trained security personnel	3.92	.983
Saves the company on having to invest in state of the art security equipment	4.10	1.116

Research data (2015)

On security outsourcing, organization staffs are able to focus on the core activities had a mean of 4.00 with standard deviation of 1.106. Allows for safeguard of the company resources had a mean 3.99 with standard deviation 1.211. Company benefits from properly trained security personnel had a mean of 3.92 with standard deviation of 0.983 and saves the company on having to invest in state of the art security equipment had a mean of 4.10 with standard deviation of 1.116. From the findings, security outsourcing had influenced the business outsourcing process in the private hospital to a great extent. The hospitals had outsourced the security services to safeguard their resources and focus on core activities thus improving their operations.

4.4.8 Accounting Outsourcing

Table 4.13: Accounting Outsourcing

Accounting Outsourcing	Mean	Std Dev
Organizations benefit from simplified accounting and financial processes	3.35	1.111
Company benefits from outsourcers with greater expertise and technology resources	3.54	1.216
Company benefits from improved policy compliance	2.92	1.402
Companies benefit from better benchmark and baseline financial processes to help them meet regulatory requirements	3.03	1.343

Research data (2015)

On accounting outsourcing, Organizations benefit from simplified accounting and financial processes had a mean of 3.35 and with standard deviation of 1.111, Company

benefits from outsourcers with greater expertise and technology resources had a mean of 3.54 with standard deviation of 1.216, Company benefits from improved policy compliance had a mean of 2.92 with standard deviation of 1.402 and Companies benefit from better benchmark and baseline financial processes to help them meet regulatory requirements had a mean of 3.03 with standard deviation of 1.343. The findings show that accounting outsourcing processes had influenced the business outsourcing process to a moderate extent. This is because the hospitals needed to comply with the regulatory requirements, comply with the accounting set standards and monitor their financial performances and operations.

From the findings, through ambulatory outsourcing, emergency services are being outsourced to well-equipped companies that have the access to modern technology, trained personal. The findings are consistent with (Ruchika 2013) who concluded that ambulatory outsourcing enables the hospitals to concentrate on key roles of health care provision. Due to budget constraints many hospitals pharmacies look for ways to reduce the drug inventory cost and maximize cost-effective use of personnel through outsourcing of this function. The findings further agree with (De Raeve, 1994) who stated that contracted caterers specializing in meal provision have now stepped into hospitals and their responsibility may extend to ward level and serving the public hospital patients.

The study is also in agreement with (Prado and Takaoka 2002) who concluded that organizations are motivated to outsource ICT services by factors such as cost saving, focus on organization's core business, improvement of technology and service quality, access to knowledge and technology that the organization does not have among others.

(Barthelemy & Adsit 2013) noted that human resource services outsourcing improves service delivery which is consistent with the study.

4.5 Determinants of Business Process Outsourcing Decision

The second objective of this study is to establish the determinants of the business process outsourcing decision by private hospitals. The findings are as given on Table 4.14:

Table 4.14 Determinants of Business Process Outsourcing Decision

	Mean	Std. Deviation
Support from top level management	4.00	1.106
Overall business strategy	3.92	.924
Availability of technical expertise	3.86	1.251
Vendor's expertise in a firm's business space and overall business strategy	3.76	1.188
Quality of services supplied by outsourcing vendors	3.73	1.194

Research data (2015)

From the findings in table 4.14 above, support from top level management had a mean of 4.00 with standard deviation of 1.106. Business process outsourcing was determined by the support given by the top management of the hospitals to a great extent as they were the final decision makers. Overall business strategy had a mean of 3.92 with standard deviation of 0.924. To great extent the hospitals made their decision on business process outsourcing considering their overall business strategies. Availability of technical expertise had a mean of 3.86 and standard deviation of 1.251. These shows that the hospitals required technical expertise when making decision on business process outsourcing to a moderate extent. Vendor's expertise in a firm's business space and overall business strategy had a mean of 3.76 with standard deviation of 1.188. To a moderate extent the private hospitals determine business process outsourcing based on Vendor's expertise and the overall business strategy. Quality of services being supplied by outsourcing vendors had a mean of 3.73 with standard deviation of 1.194 thus private

hospitals in Nairobi make their business process outsourcing decision based on quality of services provided by the vendors to ensure they obtain value for their investment. The study aligns with (Kalawole & Agha, 2015) who concludes that beyond cost savings, organizations are motivated to outsource business processes due to other factors such as technical expertise, quality of service, vendor's expertise in a firm's business space and overall business strategy.

4.6 Challenges encountered while Outsourcing Business Processes

The third objective of this study is to determine the challenges faced by private hospitals in Nairobi while outsourcing its business processes. The major challenge was resistance to change from the workers and loss of motivation. This was attributed to the fact that most workers are used to the status quo and would rather continue with the way things are instead of changing an already working system.

Lack of resources both finances and expertise also hindered access to proper outsourcing alternatives. Conflict of interest was ranked third. This was linked to the procurement and supplies teams who are keen to maintain the status quo to protect own self interests. Other challenges mentioned included; lack of information of outsourcing alternatives available in the market, information security, lack of management support and fear of loss of control.

The above findings concur with (Willcocks & Feeny, 2006). Firms have failed because of risks which include loss of organizational learning, information security and privacy problems in BPO arrangements, declining rate of innovation, motivation loss of remaining employees, low-performance rates, high-transaction costs, and other hidden costs that may significantly exceed initial capital estimates.

4.7 Relationship between Business Process Outsourcing and Operational Performance

The fourth objective of this study is to establish the relationship between business process outsourcing and operational performance among private hospitals in Nairobi.

A regression analysis was conducted to determine how ambulatory outsourcing, drug inventory management outsourcing, catering outsourcing, laundry outsourcing, dialysis outsourcing, information technology outsourcing, human resource outsourcing, security outsourcing and accounting outsourcing affect operational performance of private hospitals in Nairobi. The statistical package for social sciences (SPSS) was used to code, enter, and compute the measurements of the multiple regressions for the study. The results of the model coefficients are provided below.

Table 4.15: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.144	2.295		0.9342	0.004
Ambulatory Outsourcing (X ₁)	1.113	0.254	1.1	4.3819	0.0733
Drug Inventory Management Outsourcing(X ₂)	1.012	0.189	1.012	5.3545	0.003
Catering Outsourcing(X ₃)	1.201	0.177	1.225	6.7853	0.0716
Laundry Outsourcing(X ₄)	1.443	0.201	1.476	7.1791	0.0036
Dialysis Outsourcing(X ₅)	1.325	0.237	1.327	5.5907	0.0023
Information Technology Outsourcing(X ₆)	1.191	0.217	1.191	5.4885	0.0049
Human Resource Outsourcing (X ₇)	1.035	0.236	1.034	4.3856	0.0642
Security Outsourcing (X ₈)	1.272	0.205	1.268	6.2049	0.0045
Accounting Outsourcing (X ₉)	1.198	0.203	1.212	5.9015	0.0049

Research data (2015)

From the findings in table 4.15, the regression equation is:

$$Y=2.144+1.113X_1+1.012X_2+1.201X_3+1.443X_4+1.325X_5+1.191X_6+1.035X_7+1.272X_8+1.198X_9+\epsilon$$

Where Y is the Operational Performance

X₁= Ambulatory Outsourcing

X₂= Drug Inventory Management Outsourcing

X₃= Catering Outsourcing

X₄= Laundry Outsourcing

X₅= Dialysis Outsourcing

X₆= Information Technology Outsourcing

X₇= Human Resource Outsourcing

X₈= Security Outsourcing

X₉= Accounting Outsourcing

€= Error term

From the findings of the regression analysis if all factors (ambulatory outsourcing, drug inventory management outsourcing, catering outsourcing, laundry outsourcing, dialysis outsourcing, information technology outsourcing, human resource outsourcing, security outsourcing and accounting outsourcing) were held constant, operational performance of the private hospitals in Nairobi would be at 2.144. An increase in ambulatory outsourcing would lead to an increase in the operational performance by 1.113. An increase in drug inventory management outsourcing would lead to an increase in the operational performance by 1.012. An increase in catering outsourcing would lead to an increase in the operational performance by 1.201. An increase in laundry outsourcing would lead to an increase in the operational performance by 1.443. An increase in dialysis outsourcing would lead to an increase in the operational performance by 1.325. An increase in information technology outsourcing would lead to an increase in the operational

performance by 1.191. An increase in human resource outsourcing would lead to an increase in the operational performance by 1.035. An increase in security outsourcing would lead to an increase in the operational performance by 1.272. An increase in accounting outsourcing would lead to an increase in the operational performance by 1.198.

At 5% level of significance the independent variables which are statistically significant (P values of less than 5%) are: drug inventory management outsourcing, laundry outsourcing, dialysis outsourcing, information technology outsourcing, security outsourcing and accounting outsourcing, the P values for these independent variables are as follows; X_2 (0.003), X_4 (0.0036), X_5 (0.0023), X_6 (0.0049), X_8 (0.0045), X_9 (0.0049), the p values are further supported by corresponding t values which are all greater than 2.

The findings further indicate that ambulatory outsourcing, catering outsourcing and human resource outsourcing are statistically insignificant independent variables as their p values are more than 5% as follows; X_1 (0.0733), X_3 (0.0716), X_7 (0.0642).

The above findings are consistent with a study done by (Barthelemy & Adsit, 2013) that BPO's positive impact on firm performance is anchored on the argument that, one of the main reasons for outsourcing, is to enable firms heighten their strategic focus, concentrate full energies and resources on value in activities that are core of their strategies and can create unique values. (Gilley & Rasheed, 2000) argue that, by allowing outside specialist organizations to concentrate on certain tasks, firms may increase their performance by focusing narrowly on things they do best.

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.912	0.832	0.813	0.102

Research data (2015)

Table 4.16 above shows a model summary of regression analysis between nine independent variables; ambulatory outsourcing, drug inventory management outsourcing, catering outsourcing, laundry outsourcing, dialysis outsourcing, information technology outsourcing, human resource outsourcing, security outsourcing and accounting outsourcing and dependent variable operational performance. The value of R is 0.912; the value of R square is 0.832 and the value of adjusted R square is 0.813. From the findings, 83.2% of variation in operational performance is attributed to the nine independent variables in the study. This is an indication that the model is a very good predictor overall since $R^2 > 70\%$. There is therefore other business process outsourcing chance factors accounting for 16.8% of the operational performance among private hospitals in Nairobi.

Table 4.17: Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	36.535	8	4.567	33.749	0.0009
Residual	3.789	28	0.135		
Total	40.324	36			

Research data (2015)

For a 5% level of significance, the numerator $df=8$, the critical F value is 2.29. The above results show the computed F value as 33.749. These findings imply that regression model is significant since the computed F- value exceeds the critical value, that is $33.749 > 2.29$. Hence the regression model is significant in that, all the independent variables considered together provide a good level of explanation of the relationship between business process

outsourcing and operational performance among private hospitals in Nairobi. This is supported by the p value= 0.0009 which is less than 0.05.

The above findings are consistent with Mulama (2012) who examined logistics outsourcing and performance of large manufacturing firms and established that outsourcing practices being adopted by firms resulted to increased productivity, organizational effectiveness, increased profits, continuous improvement and improved quality. Ogola (2013) also established that outsourcing resulted in freed internal capacity, reduced commitment to fixed costs, and high quality of service and speedy delivery of service in the book publishing industry.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of key data findings and draws conclusions from the findings based on the objectives. The chapter also presents the recommendations made from the findings. The main objective was to establish business process outsourcing and operational performance among private hospitals in Nairobi.

5.2 Summary of the Findings

The study established that the private hospitals in Nairobi had been outsourcing services for a longer period. To a moderate extent the hospitals outsource: ambulatory outsourcing, drug inventory management outsourcing, catering outsourcing, laundry outsourcing, dialysis outsourcing, information technology outsourcing, human resource outsourcing, security outsourcing and accounting outsourcing.

The study determined the factors the private hospitals in Nairobi consider when offering services to be outsourced. These include the need to reduce and control operating cost, availability of technical expertise, quality of services being supplied by outsourcing vendors, vendor's expertise in a firm's business space, overall business strategy and support from top level management. The study established that majority of the hospitals put into consideration these factors so as to meet their objective of improving quality of services and efficiency in the hospitals.

The study established that outsourcing brings a number of benefits to the private hospitals in Nairobi. Outsourcing enhances the level of expertise at the hospitals. Most of the

times, tasks are outsourced to vendors who specialize in the medical field. The outsourced vendors also have specific equipment and technical expertise, better than the ones at the hospitals. Effectively the tasks can be completed faster and with better quality output. Outsourcing enables the hospital to concentrate the core process rather than the supporting ones. Outsourcing the supporting processes gives the hospitals more time to strengthen their core organizational process. Outsourcing allows refocusing on those organizational activities that are important without sacrificing quality or service in the back-office. Outsourcing enables risk-sharing. Outsourcing various components of organizational process helps the hospital to shift certain responsibilities to the outsourced vendor. Outsourcing reduces operational and recruitment costs at the hospital. Outsourcing eludes the need to hire individuals in-house; hence recruitment and operational costs can be minimized to a great extent. Other benefits of outsourcing include: increased efficiency, increased reach by providing access to world class capabilities that might otherwise not be affordable

The study established the following challenges as being experienced by private hospitals in Nairobi while outsourcing: Increase in the risk of exposing confidential data. When the hospital outsources important services such as recruitment and information communication technology, it involves a risk of exposing confidential company information to a third party. In case the hospital do not choose a right partner for outsourcing, some of the common problem areas include stretched delivery time frames, sub-standard quality output and inappropriate categorization of responsibilities. At times it is easier to regulate these factors inside the hospital rather than with an outsourced partner. Outsourcing may lead to lack of client focus.

5.3 Conclusion

The study concludes that the private hospitals in Nairobi have been effective in the formulation of outsourcing strategy. The outsourcing strategy allows the hospital to outsource tasks such as: ambulatory services, drug inventory management outsourcing, catering, laundry, dialysis services, information technology, human resource, security and accounting services. Majority of the hospitals have outsourced services to vendors in order as to cut cost of operations thus enhance efficiency.

The study concludes that availability of technical expertise, quality service; overall business strategy and support from top level management were the factors that most of the private hospitals in Nairobi were considering when making their business process outsourcing decisions so as to enhance their operational performance in health sector.

The study further concludes that outsourcing strategy at the private hospitals in Nairobi has a number of benefits which improves the operational performance. The benefits include: the enhanced level of expertise at the hospital, improved concentration of the hospital to the core process rather than the supporting ones which are outsourced, risk-sharing, reduced operational and recruitment costs at the hospital and increased efficiency in service delivery.

Despite the benefits the hospitals also experienced drawbacks such as the outsourced vendor lacking expertise needed in the outsourced services while at the same time forgetting to adhere to delicate procedures in handling medical clients. Loss of medical knowledge if outsourcing is always done to vendors who lack medical knowledge,

vendor failure to meet all deliverables, vendors' failure to comply with Government Regulation governing health sector.

5.4 Recommendations from the Study

By ensuring that the outsourced service provider focuses more on the satisfaction of clients, the hospitals should ensure that service providers satisfy the need of clients by formulating a client approach plan and insist that outsource provider remains committed to the plan. The outsourced services by the hospitals should focus on the bringing quality and minimize cost which could enhance operational performance of the hospitals.

The study also recommends that the hospitals should provide clear criterion for measuring the outcomes of the outsourcing process. The hospitals should ensure that methodology exists for determination of whether the expected results have been realized in the process of outsourcing that meets their operational performance. This will ensure that the hospital does not incur unnecessary cost in outsourcing services which could be effectively provided from within the organization.

In order to overcome the challenges incurred during business process outsourcing, the private hospitals in Nairobi should ensure that the outsourcing vendors are accredited organizations who meet the required standards set by regulatory bodies and comply with Government Regulation governing health sector.

5.5 Limitation of the Study

It was difficult to convince managers from other hospitals that the study was purely for educational purposes, hence some refused to answer the questionnaire or held back some

information for fear that it might be used against them by their competitors. This made it difficult to get all the information needed for the study. It was difficult to locate some of the private hospitals because some either did not list their physical addresses or their telephone contacts listed were not accessible and others located in the outskirts of Nairobi.

The scope of the study could be a limiting factor in that the study relied on the 37 private hospitals within Nairobi County. The findings may thus not be a representative of the whole population of the private hospitals in Kenya. However, the cross sectional survey approach used ensured that each of the private hospital had a non-zero chance of participating in the study.

5.6 Suggestions for Future Research

The study recommends comparative studies could be conducted within both private and public health Institutions. It would also be prudent to assess the actual business process outsourcing and operations in the healthcare service as a whole. These studies will provide a sector wide evaluation of measure that can enhance outsourcing of medical services.

The study focused on the business process outsourcing and operational performance of private hospitals in Nairobi and it therefore recommended that a comparative study can be carried out to establish whether the concept of business process outsourcing in other sectors of economy is able to yield the same effect on performance.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided that matches your response to the questions.

Section A: Demographic Characteristics

1. Name of the private hospital
2. What is your highest level of education qualification? (Tick as applicable)
 - a) Post graduate level () b) University ()
 - c) Tertiary College () d) Secondary ()
3. Length of continuous service with the hospital?
4. How many employees are there in your hospital?
 - a) Less than 100 () b) 100 – 499 ()
 - c) 500 – 999 () d) Above 1000 ()
5. For how long has your hospital been in operation in Kenya?

Section B: To what extent is Business Process Outsourcing employed by private hospitals

6. To what extent is business outsourcing employed by private hospitals? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Outsourced Services	1	2	3	4	5
Ambulatory Outsourcing					
Drug Inventory Management Outsourcing					
Catering Outsourcing					
Laundry Outsourcing					
Dialysis Outsourcing					
Information Technology Outsourcing					

Human Resource Outsourcing					
Security Outsourcing					
Accounting Outsourcing					
Others					

Section C: Business Process Outsourcing Practices

7. To what extent do you agree with the following on the use business outsourcing practices in your hospital? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Ambulatory Outsourcing	1	2	3	4	5
It allows timely movement of patients requiring emergency care to referral hospitals					
Its saves the hospital capital and maintenance costs of having to own a fleet of ambulances					
Its helps the hospital to focus on the core business of health care provision					
Its saves the hospital the cost of having to hire trained personnel to man the ambulances 24/7/365					
Drug Inventory Management Outsourcing	1	2	3	4	5
It results in quick drug prescription processing for customers/ patients					
Its ensures no stock outs due to proper inventory level scheduling and proper record keeping					
The costs of maintenance of stocks in the hospital reduces due to inventory control management					
The hospital has integrated suppliers in the supply chain in order to reduce costs and improve customer service					
Catering and Laundry Outsourcing	1	2	3	4	5
Sanitation in the hospital has improved as a result of outsourcing					

The hospital makes savings on having to invest in laundry and kitchen equipment					
Outsourcing in the hospital results in proper patients feeding					
In the hospital there is proper maintenance of hygiene to the industry's best practice					
Its helps the hospital to focus on the core business of health care provision					
Dialysis Outsourcing	1	2	3	4	5
Dialysis outsourcing helps the hospital from having to invest significantly in costly equipment					
Its saves the hospital the cost of having to hire trained personnel and to keep training to keep abreast with advancement in technology.					
Physicians are freed up to focus on their own specialty and can deliver high quality services					
It allows the hospital to exploit more advanced technologies					
Information technology Outsourcing	1	2	3	4	5
The hospital IT facilitates the organizations' ability to reintegrate the outcomes of outsourced processes back into their internal operations					
IT outsourcing helps the hospital from being locked up into specific assets and technologies					
Effectiveness is achieved with the use of information technology in the hospital					
It allows the hospital to exploit more advanced technologies					
Human Resource Outsourcing	1	2	3	4	5
Outsourcing training and payroll has led to a higher propensity for organizational innovation					
Human resource outsourcing guarantees efficiency in service provision					
Service delivery in the hospital has improved as a result of outsourcing					

Outsourcing of HR services has seen the hospital get access to expert services, capitalize on the excellent quality from external vendors					
Outsourcing of HR services reduces the workload on Staff hence allowing the organization to focus on strategic decision making					
Outsourcing helps in efficient handling of compensation and benefits					
Security Outsourcing	1	2	3	4	5
Organization staff are able to focus on the core activities					
Allows for safeguard of the company resources					
Company benefits from properly trained security personnel					
Saves the company on having to invest in state of the art security equipment					
Accounting Outsourcing	1	2	3	4	5
Organizations benefit from simplified accounting and financial processes					
Company benefits from outsourcers with greater expertise and technology resources					
Company benefits from improved policy compliance					
Companies benefit from better benchmark and baseline financial processes to help them meet regulatory requirements					

Section D: Determinants of Business Process Outsourcing Decision

8. To what extent have the following factors affected the business process outsourcing decision in your hospital? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4-Great extent, 5- Very great extent.

Business Process Outsourcing Determinants	1	2	3	4	5
Availability of technical expertise					
Quality of services being supplied by outsourcing vendors					
Vendor's expertise in a firm's business space and overall business strategy					
Overall business strategy					
Support from top level management					

Section E: Business Process Outsourcing and Organizational Performance

9. To what extent does business process outsourcing practices affect performance of private hospitals? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Outsourcing and Organizational Performance	1	2	3	4	5
Improved quality and the service					
Results in reduced costs and improve its competitive position of the hospital					
Increased capacity of innovation and flexibility					
Increased customer satisfaction					
The speed of service delivery has also been enhanced due to outsourcing					

Section F: Challenges of Business Process Outsourcing Decision

10. Kindly mention any challenges experienced in the implementation of the business process outsourcing practices by your hospital.

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

APPENDIX II: NHIF ACCREDITED PRIVATE HOSPITALS

	Hospital	Postal Address	Beds	Dealing Branch	Cat.
1	AVENUE HEALTHCARE LTD	45280 NAIROBI	60	WESTLANDS	C
2	BLESSED LOUIS PALAZZOLO HEALTH CENTER	656 NAIROBI	24	WESTLANDS	B
3	CARE HOSPITAL LIMITED	46041 NAIROBI	20	EASTLEIGH	C
4	CHIROMO LANE MEDICAL CENTRE	73749 NAIROBI	15	WESTLANDS	C
5	COPTIC HOSPITAL	21570 NAIROBI	37	NAIROBI	C
6	DIVINE WORD PARISH HEALTH CENTER	304 NAIROBI	32	BURUBURU	B
7	DORKCARE NURSING HOME LTD	33541 NAIROBI	15	EASTLEIGH	C
8	EDELVALE TRUST JAMAA HSM HOSPITAL	17153 NAIROBI	46	BURUBURU	C
9	EDIANA NURSING HOME	56270 NAIROBI	15	RUARAKA	C
10	EMMAUS INNERCORE NURSING HOME	78123 NAIROBI	16	BURUBURU	C
11	FAMILY HEALTH OPTIONS	30581 NAIROBI	20	INDUSTRIAL AREA	C
12	GERTRUDES GARDEN CHILDREN'S HOSPITAL NBI	42325 NAIROBI	72	WESTLANDS	C
13	GURU NANAK RAMGARHIA SIKH HOSPITAL	33071 NAIROBI	85	WESTLANDS	C
14	H.H. AGAKHAN HOSPITAL (NAIROBI)	30270 NAIROBI	165	WESTLANDS	C
15	HURUMA NURSING & MATERNITY HOME	72934 NAIROBI	26	RUARAKA	B
16	KASARANI NURSING & MAT. HOME	31524 NAIROBI	60	RUARAKA	C
17	KAYOLE HOSPITAL	67617 NAIROBI	40	BURUBURU	C
18	KENYATTA NATIONAL HOSPITAL (AMENITY WING)	20723 NAIROBI	225	NAIROBI	C
19	LADNAN HOSPITAL LIMITED	19794 LADNAN	50	EASTLEIGH	C
20	LIONS SIGHT FIRST EYE HOSPITAL	66576 NAIROBI	52	WESTLANDS	C
21	MADINA HOSPITAL LIMITED	78370 NAIROBI	18	EASTLEIGH	C
22	MARIA IMMACULATE HOSPITAL	57216 NAIROBI	28	WESTLANDS	C
23	MARIA MAT. & NURSING HOME	34736 NAIROBI	20	BURUBURU	B
24	MARIAKANI COTTAGE HOSPITAL	12535 NAIROBI	21	INDUSTRIAL AREA	C
25	MARIE STOPES KENYA LIMITED	59328 NAIROBI	19	EASTLEIGH	C
26	MARURA NURSING HOME	75520 NAIROBI	13	RUARAKA	B
27	MATER MISERICORDIAE HOSPITAL NAIROBI	30325 NAIROBI	135	INDUSTRIAL AREA	C
28	MELCHIZEDEK HOSPITAL	20085 NAIROBI	19	NAIROBI	C
29	MENELIK MEDICAL CENTER	55164 NAIROBI	13	NAIROBI	C
30	METROPOLITAN HOSPITAL	33080 NAIROBI	35	BURUBURU	C
31	MIDHILL MATERNITY & NURSING HOME	21138 NAIROBI	28	NAIROBI	C
32	MOTHER & CHILD HOSPITAL	12658 NAIROBI	23	EASTLEIGH	C
33	NAIROBI EQUATOR HOSPITAL	44995 NAIROBI	40	INDUSTRIAL AREA	C
34	NAIROBI HOSPITAL NAIROBI	30026 NAIROBI	220	NAIROBI	C
35	NAIROBI SOUTH MEDICAL CENTRE	74079 NAIROBI	15	INDUSTRIAL AREA	C
36	NAIROBI WEST HOSPITAL	43375 NAIROBI	66	INDUSTRIAL AREA	C
37	NAIROBI WOMEN'S HOSPITAL	10552 NAIROBI	50	NAIROBI	C
38	NGUMBA CENTER AND LABORATORY SERVICES	412 RUARAKA	12	RUARAKA	C
39	PARKROAD NURSING HOME (NAIROBI)	19850 NAIROBI	57	RUARAKA	C
40	RADIANT GROUP OF HOSPITALS	48234 NAIROBI	20	EASTLEIGH	C
41	RUARAKA UHAI NEEMA HOSPITAL	65122-0 NAIROBI	28	RUARAKA	C
42	S.S. LEAGUE M.P SHAH HOSPITAL NAIROBI	14497 NAIROBI	108	WESTLANDS	C
43	SAMARITAN MEDICAL SERVICES	212 DANDORA	32	RUARAKA	C
44	SCION HEALTH CARE LTD	11614 00400 NAIR	10	INDUSTRIAL AREA	B
45	SOUTH 'B' HOSPITAL	49255 NAIROBI	12	INDUSTRIAL AREA	C
46	ST. JOHN'S HOSPITAL LTD	51754 NAIROBI	17	RUARAKA	C
47	ST.FRANCIS COMMUNITY HOSPITAL	62676 NAIROBI	100	RUARAKA	C
48	UMOJA HOSPITAL	76480 NAIROBI	13	BURUBURU	C
49	UNIVERSITY OF NAIROBI HEALTH SERVICES	30194 NAIROBI	12	NAIROBI	C
50	UZIMA DISPENSARY AND MATERNITY	68280 NAIROBI	11	RUARAKA	B