KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY.

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ASSESSING THE IMPACT OF SOURCING ON THE PERFORMANCE OF GHANA

WATER COMPANY

BY

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(MSc Logistics and Supply Chain Management)

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DECLARATION

I hereby declare that this thesis is the result of my original work towards the MSc. in Logistics and Supply Chain Management, and that to the best of my knowledge, it does not contain material published by another person or materials which have been accepted for the award of any other degree of the University, except where due acknowledgments have been made in the text.

Fred Mamphey

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Certified by:

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(Supervisor)   Signature   Date

DEDICATION

I dedicate this thesis to the glory of God for his strength and mercies I was able to complete this work. I also dedicate it to my wife Mrs. Sandra Adu and children, Nissi Mamphey and Zoe Mamphey.

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ABSTRACT

Sourcing is growing at a rapid rate throughout the world because organizations view it as a way to achieve strategic goals, improve customer satisfaction and provide efficient and effective services. The study investigated the effect of sourcing on organizational performance at Ghana Water Company Limited. Specifically, the study examined the nature of sourcing in Ghana Water Company, analyzed the impact of sourcing in the performance of Ghana Water Company and assessed the challenges of sourcing on the performance of Ghana Water Company. Descriptive survey research design was used for the study. A population of 100 and a sample size of 50 was purposively used. A structured questionnaire was used to gather quantitative data for analysis. Data gathered was edited, tabulated, and analyzed using the Statistical Package for Social Science (SPSS) version 23.0. The study revealed that sourcing can be a valuable tool for organizations to gain access to specialized talent and expertise, reduce costs, and improve service delivery. However, it was recommended that GWCL management improve the monitoring and measurement process to ensure that staff are properly supported and that outsourcing initiatives are effective.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Sourcing has become a common strategy used by organizations in various industries to achieve cost savings, improve efficiency and flexibility, and remain competitive in today's dynamic business environment (Domberger and Hall, 2010; Li, 2015). Sourcing is the practice of transferring a portion of an organization's operations to an external provider (Lacity and Willcocks, 2001). Outsourced services can include a wide range of activities, including information technology, human resources, accounting, and customer service (Khan et al., 2018). The outsourcing industry in Ghana has grown significantly in recent years, with many companies outsourcing various aspects of their operations to external providers (Egyir, 2013).

According to Jamieson (2013), the concept of outsourcing gained popularity in the US at the turn of the 21st century. The concept has since developed into several models practiced within and across countries. Some of common models used by many companies today include offshoring, where jobs such as tech support are sent to countries like India and China. Several reasons drive companies to undertake outsourcing. A key reason is usually to save time and money. According to Olive (2004), this is usually the motivation for most managers to engage in outsourcing. Other reasons identified by other researchers include cost savings, reduction in overhead costs, shortage in resources, flexibility, and many other factors (Olive, 2004). The implication is that, when companies outsource their services, they seek to exploit these advantages.

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In Ghana, the observation is that there is an increasing trend in the rate of corporate outsourcing. One of the sectors witnessing the largest outsourcing arrangements is the service sector. Within this vibrant sector, several companies have engaged in outsourcing.

One organization in Ghana that has embraced sourcing as a strategy to achieve cost savings and improve service delivery is the Ghana Water Company Limited (GWCL). GWCL is a state-owned water utility company that provides potable water to millions of Ghanaians across the country. The company is responsible for the provision of water in all urban centers in Ghana, excluding those in the Greater Accra Region (GWCL, 2021). The company has been outsourcing various aspects of its operations, including maintenance, billing, and customer service, to external providers (GWCL, 2019).

While sourcing has the potential to improve organizational performance, there is limited research on the impact of sourcing on the performance of water utilities in Ghana, and particularly on GWCL. Previous studies on outsourcing have found that outsourcing can have negative effects on service quality, control, and oversight (Li, 2015; Khan et al., 2018). Additionally, outsourcing can lead to the loss of in-house knowledge and expertise, which could ultimately affect the quality of service delivery (Dibbern et al., 2004). Therefore, it is important to investigate the impact of sourcing on the performance of GWCL, given its critical role in the provision of potable water to Ghanaians.

1.2 Statement of the Problem

The outsourcing of services at GWCL has led to concerns regarding its impact on organizational performance. Some stakeholders have raised concerns that outsourcing may have negative effects on the quality of service delivery, customer satisfaction, and overall organizational performance.

Others argue that sourcing can lead to the loss of in-house knowledge and expertise, which could ultimately affect the quality of service delivery.

The company is facing several challenges in meeting its mandate, including aging infrastructure, inadequate funding, and high operational costs (Ghana Water Company Limited, 2021).

While sourcing has the potential to improve organizational performance, there is limited research on the impact of sourcing on the performance of water utilities in Ghana, and particularly on GWCL. Previous studies on outsourcing have found that outsourcing can have negative effects on service quality, control, and oversight (Li, 2015; Khan et al., 2018).

Therefore, it is important to investigate the impact of sourcing on the performance of GWCL, given its critical role in the provision of potable water to Ghanaians.

1.3 Research Objectives

The main objective of this study is to investigate the effect of sourcing on organizational performance at GWCL. The specific objectives are:

i. examine the nature of sourcing in Ghana Water Company

ii. analyze the impact of sourcing in the performance of Ghana Water Company

iii. assess the challenges of sourcing on the performance of Ghana Water Company

1.4 Research questions

The study sought to answer the following research questions:

i. What is the nature of sourcing in Ghana Water Company?

ii. What is the impact of sourcing in the performance of Ghana Water Company?

iii. What are the challenges of sourcing on the performance of Ghana Water Company?

1.5 Scope of the study

The scope of this study is to investigate the effect of sourcing on organizational performance at the Ghana Water Company. The study focused on outsourcing activities undertaken by the organization, specifically outsourcing of non-core activities such as IT, maintenance, and customer service. The study uses a quantitative research methodology, specifically descriptive statistics such as frequencies, percentages, mean and standard deviation, to answer the research questions. The study was limited to the Ghana Water Company, which operates in Ghana. The findings may not be generalizable to other water utilities in other countries or regions. The study relied on both primary and secondary data sources, including questionnaires, annual reports, financial statements, and other publicly available documents. The availability and quality of data was limited the scope and depth of the analysis.

1.6 Significance of the Study

The significance of this study lies in its potential to contribute to the existing body of knowledge on the effect of sourcing on organizational performance. Specifically, the study aims to provide insights into how outsourcing activities affect the performance of the Ghana Water Company. By identifying the potential benefits and drawbacks of outsourcing, the findings of this study could help the organization make informed decisions about its sourcing strategy.

Moreover, the study's findings could be beneficial to other organizations in the water sector in Ghana and beyond. As the water sector faces numerous challenges related to water scarcity, aging infrastructure, and climate change, outsourcing could be seen as a strategy to overcome some of these challenges. Therefore, the insights gained from this study could help other organizations in the sector to optimize their sourcing strategy and improve their performance.

Furthermore, this study's findings could be valuable to policymakers and regulators in the water sector. By identifying the factors that influence the success of outsourcing activities, policymakers and regulators could develop policies and regulations that promote outsourcing as a strategy for improving organizational performance. Additionally, the findings could be used to identify areas where government support may be required to ensure that outsourcing activities are successful.

Overall, the significance of this study lies in its potential to provide valuable insights into the effect of sourcing on organizational performance in the water sector. The study's findings could be beneficial to the Ghana Water Company, other organizations in the sector, policymakers, and regulators, ultimately contributing to the overall improvement of the water sector's performance

1.7 Limitations of the Study

Transmission hitches, data expenses, and job tasks were major challenges in the pursuit of academic projects of such magnitude. The scarcity of information, and publications especially in third-world economies such as ours, served as constraints to information gathering.

Time was a constraint, combining the academic and research work, finance was also another aspect of the constraint because every movement for the research activities required money. The sample size is small so the results cannot be applied across the regions.

The researcher again faced the challenge of collecting data from respondents and most especially from the procurement officers since they were preoccupied with official work other than attending to the researcher. However, this challenge was resolved by persistent visits to such teachers on rescheduled appointments by the researcher.

1.8 Definition of Terms

To ensure clarity and precision in this study, the following key terms will be operationally defined:

Outsourcing: The transfer of non-core business functions or activities from an organization to an external vendor, typically for cost reduction, access to specialized skills and knowledge, and increased efficiency.

Organizational Performance: The degree to which an organization achieves its goals and objectives, as measured by various performance indicators such as profitability, productivity, quality, customer satisfaction, and innovation.

Core activities: The main functions or activities that are essential to an organization's mission and are critical to its competitive advantage, such as water treatment and distribution in the case of the Ghana Water Company.

Non-core activities: The functions or activities that are not essential to an organization's mission or competitive advantage, such as payroll processing, IT support, and maintenance services.

Cost reduction: The reduction of expenses associated with a particular business function or activity through various means, such as outsourcing, automation, process improvement, and supply chain optimization.

Knowledge transfer: The process of sharing knowledge and expertise from one individual or group to another, typically from an in-house team to an external vendor or vice versa.

Risk: The probability of an adverse event or outcome occurring as a result of a particular business decision or activity, such as outsourcing. Risks can include operational risks, financial risks, reputational risks, and strategic risks.

By operationally defining these terms, the study aims to ensure consistency in their usage and interpretation throughout the research process.

1.9 Organization of the Work

This study is divided into five major chapters. Chapter one contains an introduction, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study, limitations of the study, operational definition of terms and organisation of the Work. A review of related literature is found in Chapter two. In Chapter three, the research methodology employed is described, including: research approach, research design, the population, sample and sampling technique, data source, instrumentation, procedures, and data analysis, validity and reliability as well as ethical considerations. Chapter four contains the presentation, analysis and discussion of the data collected in the study. Finally, in Chapter five, the researcher provides a summary of the findings of the study and conclusions. Recommendations are made for future practices to address identified deficient practices and to strengthen positive practices already in place. Suggestions for future research are addressed in this chapter as well.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews existing literature related to the topic under investigation. The review of related literature provides a link between current knowledge and the research problem. Literature review provides a study's theoretical and methodological base to guide it to achieve its set objective (Bordens and Abbott 2011). The chapter is organized into two sections. The first section reviews selected theories of sourcing and their relevance to the study. The second section reviews available conceptual literature such as; the concept of outsourcing, strategic outsourcing, sourcing decision, concept of performance and organizational performance. The chapter again reviews related literature relevant to the broad area of the study which are the impact and challenges of outsourcing in organizational performance. Conceptual framework was also included in this chapter.

2.1 Theoretical Review

According to Gall and Gall (2005), theory can be defined as an explanation of just certain existing elements in terms of underlying constructs and set of basic ideas which relate constructs to each other.

This study adopted the institutional Theory, Agency theory and the Network theory to underpin and address the objectives of the study.

2.1.1 Institutional theory

This is a theory on the underlying and more irrepressible aspects of structure on the social sense. It tables into account the procedures by which structures including standards, policies, routines and schemes are built up as legitimate rules for social conduct. In this study, it explains how a

businesses environment through regulations, normal and subjective components regulates and approves methodologies (Scott, 1995). Although the institutional theory and "neo-institutional" theory (e.g. March and Olsen, 1984) have distinctive perspectives on whether definitive modification is acknowledged by aware decision methods made to consent to the affiliation's condition (the last attributes more centrality to such decisions), both gauge that institutional weights may influence the relationship to grasp sourcing courses of action that hold quick to its condition. Diverse institutional weights may influence relationship to source unmistakably which may have financial outcomes and may provoke moral dilemmas. Notwithstanding, it is essential for firms to adhere to the scope of legal sourcing strategies on the grounds that a legitimate firm gets assets of higher quality at more good terms than an unlawful firm. On the other hand, if firms are too similar deliberately, their execution may fall apart. Therefore, it could be stated that select sourcing strategies that help legitimize them, but do not lead to isomorphism.

It is however noteworthy that outsourcing may incur some serious short and long term effects such as increased expenditure and lowered performance, and the loss of crucial skills and knowledge and therefore managers should be keen to make these sourcing decisions by placing them against their strategic merit. (Gimeno and Woo, 1996 Deephouse, 1999, Scott, 1995, DiMaggio and Powell, 1983, Rosetti and Choi, 2005, Jennings, 2002)

2.1.2 Agency theory
The agency theory is a notion that clarifies the connection between the principals and operators in a business.

From this perspective, the principal is the firm's strategic sourcing function while the agent is represented by the supplier. It keeps up that the settle on against the purchase choice is to be decided by the economic relationship between the cost of producing goods and the cost of

transacting. Where production costs fall below transaction costs, the business should come up with and run the process internally and vice versa. By transaction costs we are referring to the actual sourcing costs and what's more additional checking and control costs that are normal by the chief. Observing costs allude to any expenses brought about by the primary to guarantee that the specialist's practices and exercises that may make misfortunes for the central, and xiii furthermore guarantees that the key meets the simple terms and states of the sourcing contract. Control expenses are the binding costs that the principal assumes to enforce the terms of the sourcing contract upon term violation. (Eisenhardt, 1989; Jensen and Meckling, 1976). Agency theory statutes recommend that lower exchange costs are pushing firms far from sourcing inside and toward buying or partnership key sourcing connections. Certain fundamental forces are accepted to drive the advancement towards more progressive and more grounded sourcing securities among principals and authorities. Additionally, the extended use of key sourcing as a fundamental contraption has given more firms extended association in enhancing effective watching and control systems to manage master hones. On account of the advancement of the information reachable by sourcing principals, more masters and an extended contention among administrators, pros expect more perils if they partake in rehearses that adventure the principals. (Logan, 2000, Zsidisin et al., 2004)

2.1.3 Network theory

The network theory studies the complex interactions of systems of systems that can be represented graphically with extra structures. It focuses on the interactions between firms and how these interactions affect the firm's behaviours and results. It however, does point out the choices to trade with or ally themselves with as partners. Centrality is how essential a firm is within the network. A firm with a higher centrality is very attractive as an accomplice. Being in the center inside a system offers four prime worries inside supply chains: speed, quality, cost, and adaptability. A

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very focal firm can exploit it's associations with surge orders when the need emerges, distinguish the supplier offering the most elevated quality materials at the least cost and make cover advances up time. Therefore, as far as sourcing is concerned, a firm should work hard to be key to its network and should seek sources that are central to their networks. (Gulati et. al, 2000, Thorelli, 1986, Hult et al., 2006).

2.2 Conceptual Review

This section of the chapter reviews the concepts used in the study. It begins with the concept of outsourcing.

2.2.1 The concept of outsourcing

The concept of outsourcing has been analyzed by different scholars and different theories. In addition to the above reviewed theories, the Transaction Cost Theory is also generally accepted as a useful framework for analyzing logistics outsourcing (Cachon and Harker, 2012).

Outsourcing can be defined as the use by one company of another business to do particular tasks because it can do them more cheaply or effectively. Outsourcing was traditionally used mainly for downsizing and cost reduction at large corporations (Buxbaum, 2014). In smaller companies, outsourcing was viewed primarily as a means to optimize capacity under conditions of limited resources. However, today's scholars advocate that outsourcing should be used as a strategic tool to deliver a forceful impact on corporate growth and financial stability (Holcomb & Hitt, 2013).

Abrahamsson and Anddresson (2013), defined outsourcing as "the significant contribution by external vendors in the physical and/or human resources associated with the entire specific components of the IT infrastructure in the user organization". On the other hand, outsourcing has been defined as "products supplied to the multinational firm by independent suppliers from around

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the world" and "the extent of components and finished products supplied to the firm by independent suppliers" (Bragg, 2013).

Additionally, outsourcing has been defined as "their alliance on external sources for manufacturing components and other value-adding activities" (Browning, 2013). In general, outsourcing has been defined variously in studies of the subject that includes virtually any good or service that an organization procures from organizations/companies. However, outsourcing cannot be defined only in terms of procurement activities, since this does not capture the true strategic nature of the issue. It's not simply making a decision of purchasing. Every existing company makes one decision or another in their operations. For this reason, outsourcing becomes very strategic in management decision and has the potential to cause ripple effects throughout the entire organization.

The most common type of outsourcing which organizations employ is the substitution based (where the production of goods and services is discontinued and provided for by outside suppliers. On the other hand, outsourcing could be abstention-based, in which case the outsourced goods or services are obtained internally but as a result of lack of capital or expertise, a decision is made to procure it externally. The decision to reject or outsource an activity is one which needs to be taken considering its impact on the overall performance of the organization. This also has to be viewed in terms of the particular activity. Previous definitions of outsourcing have not made the substitution/abstention distinction and, therefore, have not allowed researchers to approach the subject of outsourcing from common starting point, (Ellram, & Billington, 2013).

According to Domberger (2014), outsourcing is a contractual agreement between the customer and one or more suppliers to provide services or processes that the customer is currently providing internally. The fundamental difference between outsourcing and any other purchasing agreement

is that the customer contracts-out a part of their existing activity. There are many reasons why a company may choose to outsource and rarely will it be for one single reason. While they are normally specific to the particular situation, some commonly-sited reasons are to: reduce cost; improve quality, service and delivery; improve organizational focus; increase flexibility; and facilitate change.

2.2.2 Concept of Strategic Outsourcing (Outsourcing for the longer term and the bigger picture.)

According to Quinn (2013), strategic outsourcing is the process of engaging the services of a provider to manage essential tasks that would otherwise be managed by in-house personnel. This, when properly done, allows a business to plan the optimal utilization of its resources and capabilities to achieve the best advantage. It also improves the achievability of an organization's strategic goals. This kind of outsourcing strategy can be utilized by any organization regardless of its size and has the effect of not only reducing the cost of operation but also providing an opportunity for optimal allocation of resources to the very necessary functions (Brück, 2012). The basic idea behind strategic outsourcing is to create gains by allowing outside providers and specialists to take over the operation and management of a given function. Such gains may come in different forms such as improving the bottom line of a company by reducing various operating expenses and increasing the flexibility for innovation without having to invest too much in training and capital infrastructure (Churchill and Lacobucci , 2014).

Other benefits may come in form of convenience, where the strategy allows the business owners and managers to concentrate on their core business (Blaxil and Hout, 2014). As a simple rule, so long as the benefits are considered sufficient by the client, then the process of strategic outsourcing can be considered a success. In the context of this study, strategic outsourcing will be considered

in terms of the driving force behind the strategy. This study will focus on cost-driven outsourcing, innovation-driven outsourcing and focus-driven outsourcing.

2.2.3 Overview of Outsourcing

The outsourcing phenomenon started as a practice in the early 1950's but gained global attention as a corporate strategy in the mid 1980's. Since then, research in that field was intensified, due to the success stories told of this phenomenon transforming businesses. In modern times, most senior managers sometimes prefer to entrust outside firms or labourers with critical tasks. The fact is, senior management often finds outside firms to be more cost-effective. Managers often claim they can hire a guy cheaply but they also know the job will be done on time and in a predictable fashion. And if it isn't, they can get somebody else without going through the hassles of hiring and firing employees. It is vision, function, and economics that drive the need for outsourcing (Elmuti, (2013). A recent study indicates that outsourcing operations is the trend of the future and that organization already outsourcing activities are pleased with the results. A year-long international study by Arthur Andersen and The Economist Intelligence Unit finds that 93 percent of corporations interviewed plan to outsource in the next three years. Of those that already outsource, 91 percent are satisfied with the results (Gooley, 2012).

The study, ''New Directions in Finance: Strategic Outsourcing,'' in U.S.A is based on interviews with 55 global organizations plus a survey of 404 senior executives throughout North America and Europe. The study documents that there is a clear trend to the use of outsourcing as a competitive tool, rather than just a simple means of cost control. Especially relevant is the outsourcing of key business processes and financial functions'' (Gooley, 2012). The document includes outsourcing case studies with Alcatel Italia, British Petroleum Co., Houghton Mifflin, Mead, Microsoft, Ostel Communications, Plastics MFG, Sybase, Ta-legen Holdings, Tektronix, and Zeneca Group. Of the

executives surveyed, 85 percent outsourced all or part of at least one business function. The most widely outsourced activity is legal work (62percent), followed by shipping (43 percent), computer information systems (38 percent), and production and manufacturing (35 percent). Twenty-six percent of the executives interviewed currently outsource at least one financial function; 47 percent expect to outsource at least one financial function in the next three years (Gooley, 2012).

The use of outsourcing has seen phenomenal growth in the past few years. For example, 28 percent of all information technology (IT) activities in the UK were being outsourced in 1996 compared with only 15 percent in 2002 (Greaver, 2013). Whilst the market size in the UK is not clear, the market in the US was estimated in 1996 by the Institute of Outsourcing at $100bn. A survey of outsourcing market by PA Consulting Group (2014) concludes: 'A progressively larger part of most businesses have been outsourced over the last five years'. Projections suggest that this trend will continue, with growth set to rise a further 46 percent by the year 2010, (Brown, 2013). The same survey also found out that while few companies had regrets over outsourcing ventures, most had not met their expectations. Mediocre outcomes were frequent and real failure too common.

Clearly the outsourcer may have had unrealistic expectations, but it is more likely that the outsourcing process itself is responsible. It is on this premise that the research was conducted which aimed at exploring two specific areas: preoutsourcing cost analysis and post-outsourcing supplier management. The first topic was chosen primarily because the existing literature is rather prescriptive and only offers transaction cost theory (Walker and Weber, 2013; Alexander and Young, 2014) as an analytical tool, which most commentators believe is ineffective. The second topic was selected due to the lack of research on the subject, and the evidence suggested that most outsourcing deals have fallen short of expectations and deteriorated over time. It should be noted however, that these two selected areas will not guarantee outsourcing success on their own as the

subject is extremely complex with many interrelated factors, but a good understanding of them is crucial for any outsourcing decisions, (Handfield et al., 2012)

In the current environment of right-sizing, with a renewed focus on core business activities, companies can no longer assume that all organizational services must be provided and managed internally. Competitive advantage may be gained when products or services are produced more effectively and efficiently by outside suppliers. The advantages in outsourcing can be operational, strategic, or both. Operational advantages usually provide for short-term trouble avoidance, while strategic advantages offer long-term contributions in maximizing opportunities.

It is estimated that every Fortune 500 company will consider outsourcing during this decade and that 20 percent of them will enter into a contract by the end of the decade. A variety of firms already exhibit this trend. General Electric Corporation has entered into a five-year, $500 million contrast with Electronics Data Systems (EDS) to handle the corporation's desktop computer procurement, service, and maintenance activities (Gray et al., 2014).

2.2.4 The Outsourcing Decision

A number of issues are involved in the decision to outsource an organization's resources. To summarize, key items to analyse are scale economy, outsourcer expertise, short- and long-term financial advantage from the sale of resources, inability to manage the function, strategic realignment, and a need to focus on the core business. Additional issues that typically are involved and need to be considered in the context of a specific firm's situation include (Behara et al., 1995):

i.   impact on company competitiveness;

ii.   identifying services to be outsourced;

iii. the number of suppliers to be used;

iv.   ability to return to in-house operations if required;

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v.   supplier reliability; vi. supplier service quality;

vi.   coordinating with the supplier and evaluating performance;

vii.   flexibility in the products offered by the supplier;

viii.   providing the latest/advanced technology and expertise.

2.2.5 Concept of Performance

One of the main duties of successful managers is to aid their employees increase job performance on a continuous basis (Aguinis, 2012). Performance management is therefore a continuous process which involves 'identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Individual performance is seen by (Aguinis, 2012) as the building block of organizational success, and virtually all organizations internationally have some type of performance management system.

According to Ohemeng (2011), performance management has grown in importance over the past 30 years as a way to improve the effectiveness, accountability, and efficiency of public organizations. According to (Osmani, 2012), performance management as a process aids businesses in identifying their goals, the outcomes needed to accomplish these goals, and the forces that make these goals possible. Once more, performance management is focused on getting the greatest outcomes at the organizational, departmental, team, or individual level by understanding of objectives, orienting efforts toward efficiency within a framework of set goals, standards, and necessary abilities. Simply put, performance management refers to all actions taken to guarantee that the organization's goals are successfully attained.

2.2.5.1 The Concept of Organizational Performance

The concept of organizational performance emanates from the concepts of efficiency and effectiveness. A business organization must produce the right products and services and it must

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produce them using the fewest possible inputs if it is to have a strong organizational performance (Kliem, 2015). Organizational performance can be measured by analyzing a company's performance as compared to its corporate goals and objectives based on three primary outcomes - financial performance, market performance and shareholder value performance. Businesses simply endeavour to perform well in a number of areas of organization. Most importantly, they strive to do well financially in terms of achieving superior profitability and realizing good returns on investment. In order to acquire as much market share as possible, it is imperative that companies produce a product that is in demand and offer it at a price that allows them to compete in the market.

Finally, they need to perform well in terms of creating value for their shareholders by ensuring a sustainable level of growth and shareholder return (Heywood, 2014). Research work on organizational performance should include multiple performance measures. Such measures could be traditional accounting measures such as sales growth, market share, and profitability. In addition, factors such as customer satisfaction and non-financial goals of the owners are also very important in evaluating performance, especially among privately held firms (Kliem, 2015).

This approach is consistent with the proposal of Kaplan and Norton (2014) in the Balanced Score Card that the performance of a firm should be measured in four perspectives – financial, customer, learning and growth and internal business processes. The balanced score card directs that managers should use both financial and non-financial measures to evaluate the organization of the firm. In the context of this study, organizational performance will be measured by four components – profitability, sales growth; market share and customer satisfaction.

2.2.6 Impact of Outsourcing on Organizational Performance

Even though outsourcing has been variously defined, it has generated a lot of confusion. However, literature on the subject has identified potential benefits. The most commonly mentioned in the literature are improved financial performance and non-financial effects such as the effects on core competencies. Some of the advantages of outsourcing are discussed below.

Outsourcing firms often achieve cost advantages relative to vertically integrated firms (Bettis, Bradley, &Hamel, 2012; D'Aveni & Ravenscraft, 2014; Kotabe, 2019; Lei & Hitt, 2015; Quinn, 2014). Through outsourcing, manufacturing costs decline and investment in plant and equipment can be reduced (Bettis et al., 1992). The reduction in investment has the capacity to lower fixed costs and leads to a lower break-even point. The short-run cost improvement swiftly reinforces the outsourcing decision. Thus, outsourcing may be an attractive method of improving a firm's financial performance, especially in the short run.

There are other advantages that outsourcing may contribute. In-house production increases organizational commitment to a specific type of technology and may constrain flexibility in the long run (Harrigan,1985). However, firms focusing on outsourcing can switch suppliers as new, more cost effective technologies become available. In addition, outsourcing allows for quick response to changes in the environment (Dess, Rasheed, McLaughlin, & Priem, 2015) in ways that do not increase costs associated with bureaucracy (D'Aveni & Ravenscraft, 2014). Thus, the long run advantages achieved by organizations that outsource is far enormous as compared to organizations relying on internal production. As noted by Quinn, "virtually all staff and value chain activities are activities that an outside entity, by concentrating specialists and technologies in the area, can perform better than all but a few companies for whom that activity is only one of many" (2014).

An increased focus on an organization's core competencies is another important benefit associated without sourcing (Dess et al., 2015; Kotabe & Murray, 2010; Quinn, 2014; Venkatraman, 2019). Outsourcing non core activities allows the firm to increase managerial attention and resource allocation to those tasks that it does best and to rely on management teams in other organizations to oversee tasks at which the outsourcing firm is at a relative disadvantage.

One additional advantage is that outsourcing tends to promote competition among outside suppliers, thereby ensuring availability of higher-quality goods and services in the future (Kotabe & Murray, 2010). Quality improvements may also be realized by outsourcers, because they can oftentimes choose suppliers whose products or services are considered to be among the best in the world (Dess et al., 2015; Quinn, 2014). Outsourcing also spreads risk (Quinn, 2014). By using outside suppliers for products or services, an outsourcer is able to take advantage of emerging technology without investing significant amounts of capital in that technology. Thus, the outsourcer is able to switch suppliers when market conditions demand.

Today's business executives now understand that outsourcing for the short term objective of cutting cost does not yield nearly as much as outsourcing for the longer term objectives such as building a knowledge based system or strategic benefits. These advantages of a longer term focus include greater intellectual depth and access, opportunity scanning, innovation, reliability, quality, value-added solutions, or worldwide outreach (Menon and Ackerman, 2014). Companies seek outside specialists in litigation, tax, advertising, logistics, etc primarily for such benefits rather than for lower costs (Humphreys et al, 2015). They seek the intellectual value that these specialists can offer seeing that they are good at what they do. Why do senior managers sometimes prefer to entrust outside firms with critical tasks? The fact is, senior management often finds outside firms to be more cost-effective. While middle managers often claim, they can hire a person to do it

cheaper, upper management looks at things differently. They know they will typically pay at least less per hour to outsource, but they also know the job will be done on time and in a predictable fashion. If it is not, they can get somebody else without going through the hassles of hiring and firing employees. The vision, function, and economics drive the need for outsourcing (McIvor, 2013).

Strategic outsourcing when approached in a proper manner can lead to a vital combination of reducing both costs and risks. This is because the outside suppliers undertake investments and development risks that the outsourcer avoids. Therefore by sharing these risks among multiple clients, the supplier lowers costs for all its clients due to the pooling effect and economies of scale. Additionally, risk management in itself is now becoming one of the critical new tools and benefits of outsourcing (Lambert, Emmelhainz and Gardner, 2014). In some cases, a company may find that the extent of relationship required to absorb a strategic suppliers' strong technical capabilities may lead to increased coordination costs or may increase the possibility of unintended technology leakage (Kotabe, 2014). Such companies may therefore avoid these costs by outsourcing technical capabilities from strong strategic partners. For instance, strategic suppliers with strong technical capabilities will often be developing new sticky knowledge that firms will find difficult to access and costly to transfer across inter-organizational boundaries, even when they seek to develop relationship-specific absorptive capabilities (Lamber et al., 2014).

Furthermore, when a strategic partner's intrinsic organizational capabilities are considered their core competencies, it will become increasingly difficult and costly for the client firms to absorb the strategic supplier's technical knowledge because of the supplier's fear of opportunism and loss of bargaining power. Strong suppliers understand their strengths and they protect these diligently. This creates a win-win situation for both the supplier and the outsourcing firm (Lei, Hitt, 2014).

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Therefore the choice of the service provider plays a critical role in achieving reduced costs and risks. This is in agreement with the findings of Wassenhove, et al, (2014) in their case study of Vodafone Ghana Ltd where they found that outsourcing security and transport function to G4S and Metro not only enhanced the positive image to the firm but also provided efficiency and reduced coordination cost.

2.2.7 Challenges of Outsourcing

Whatever the potential benefits of outsourcing, there is the argument that reliance on outside suppliers is likely to lead to a loss of overall market performance (Bettis et al., 2012; Kotabe, 2012). One of the most serious threats resulting from a reliance on outsourcing is declining innovation by the outsourcer. Outsourcing can lead to a loss of long-run research and development (R&D) competitiveness (Teece, 2017) because it is often used as a substitute for innovation. As a result, firms that outsource are likely to lose touch with new technological breakthroughs that offer opportunities for product and process innovations (Kotabe, 2012).

Additionally, as suppliers gain knowledge of the product being manufactured, they may use that knowledge to begin marketing the product on their own (Prahalad & Hamel, 2010). In fact, firms from the Pacific Rim have a well- established pattern of market entry based on outsourcing partnerships (Willard & Savara, 2018). Many Asian firms have made their initial entrance into U.S. markets by first entering supplier arrangements with U.S. manufacturers, and subsequently marketing their own brands aggressively. In this way, many Asian firms have achieved market dominance. There are several other dangers associated with outsourcing. First, the cost savings associated with outsourcing may not be as great as they seem, especially with respect to foreign suppliers. The transaction costs associated with repeated market based transactions, especially overseas, can be significant.

In addition, as long as foreign wages remain relatively low and the dollar remains relatively strong, foreign outsourcing is attractive (Markides & Berg, 2018).

The other disadvantage of outsourcing is that, there is the tendency to shift overhead allocation to those products or activities that remain in-house. This reallocation of overhead degrades the apparent financial performance of the remaining products or activities and raises their vulnerability to subsequent outsourcing (Bettis et al., 2012), perhaps leading to an outsourcing spiral. Consequently, this may lead to the outsourcing of activities which were performing satisfactorily before the onset of outsourcing to erroneously be targets for future outsourcing. In addition, longer lead times resulting from spatial dispersion cause several problems, such as larger inventories, communication and coordination difficulties, lower demand fulfillment, and unexpected transportation and expediting costs (Levy, 2015). Tariffs are another danger associated with outsourcing, as it increases the difficulty of bringing back into the firm activities that may now add value because of market shifts (Dess et al., 2015).

2.3 Empirical review

The surge in technological advances, coupled with the availability of skilled labour at highly competitive wages has increased the growth of service sector outsourcing with particular reference to IT and business processes (Gilley, & Rasheed, 2000). Kakabadse, & Kakabadse (2000) however argue that, the decision to outsource is a strategic one due to the inherent choice to dismiss the internalization of a task. Dekkers (2011) also support Gilley and Rasheed's view by positing that, the processes involved in outsourcing have been greatly transformed from a more conventional approach to a strategic one. According to the study, conventional outsourcing occurs when a firm decides to externalize activities which are not regarded as critical to its survival.

Strategic outsourcing on the other hand, is when a firm outsources all activities other than those that have the potential of providing sustainable competitive advantage (Dekkers, 2011). Numerous authors support the view that, the most prominent reason behind outsourcing in most organizations is cost reduction –based on the assumption that performing an activity in-house usually cost more than outsourcing it to a third party (Kakabadse, & Kakabadse, 2000; Dekkers, 2011; Lonsdale, & Cox, 2018; PricewaterhouseCoopers, 2008; Elmuti, 2013).

While most authors side with these motives, Gupta, & Gupta (2012) presented three other reasons behind outsourcing. These are; focus on core competencies, spur innovation as well as improve time to market. Kotabe, Mol, & Michael (2014)'s research work delved deeper into the core competency aspect by proposing that, firms should free in-house staff to focus on improving productivity, developing leadership capabilities and put in place succession plans. Outsourcing is more often than not associated with huge risk, stemming from technological, socio-cultural, economic to political risks.

A report issued by Zhu Xiaowei, (2016) attributed the collapse of numerous outsourcing deals to hidden costs and lack of trust between the two parties involved. Nor Aziati, Juhana & Hazana (2013) emphasizes that cultural gaps are the primary cause of clashes often leading to loss of synergy among internal and external business functions which also possess tremendous risks to most organisation involved in outsourcing deals.

Again, Blumenberg et al., (2009) opine that more often than not, senior management takes outsourcing decisions without the involvement of middle-level managers and lower level employees. This according to the authors creates an enabling work environment which induces mistrust, insecurity, lack of commitment and resistance to change. Zhang et al., (2018) studied outsourcing and financial performance: a negative curvilinear effect. The study showed the

magnitude of the uncertainty effect on performance outcomes. Thus the study provides specific, theoretically and empirically grounded prediction of how outsourcing affects performance with implications for theory and practice.

In the study of Cooke, Shen, & McBride (2005) on managing the risks of outsourcing (taking into cognizance, time, quality and correlated cost), it was established that outsourcing has some significant positive effect on quality. Further to this, the research provided some insights to managing the outsourcing risks due to the Asymmetric Information for various industries, like cost-sensitive industry, time-sensitive industry, and quality-sensitive industry. The studies of McFarlan, & Nolan (2015) confirms that knowledge transfer in the IT outsourcing context is a multidimensional construct. As such, the proposed scale of knowledge transfer constitutes a valid and reliable measurement for future empirical research in the scientific community.

Again, Crotty (2018) also found that, it depicts the differential impact of various knowledge-transfer processes dedicated to the transfer of explicit or tacit knowledge on the development of shared knowledge. Surprisingly, they indicated in their research that, the combination of both knowledge-transfer processes; dedicated to the transfer of explicit knowledge and those dedicated to the transfer of tacit knowledge, proves to be the most effective. Furthermore, the results indicate that high levels of shared knowledge positively influences outsourcing performance.

Malhotra, & Birks (2006) developed a model on how different types of business process outsourcing (BPO) risks affect project satisfaction and how knowledge management capability, changes the influences of BPO risk. The study found that, social and technical system as well as project management risks, negatively affects BPO project satisfaction. Nonetheless, cultural, technological and structural levels of knowledge management capabilities weaken the negative risk effects of social system, technical system and project management. It was further

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recommended that, different types of risks and knowledge management capabilities should be paralleled to achieve effective risk management. Other companies outsource when the risk and uncertainty associated with a business process is too high. Outsourcing is usually deployed to shift these risks to the third party and guard against the threat posed by such uncertainties to the firm (Sounders, Lewis, & Thornhill, 2007). A typical example is the case cited by Malhotra, & Birks (2006) where the firm outsourced to remove an internal nuisance which was cultural differences among staff and management.

2.4 Conceptual Framework

The effects of the outsourcing decisions on organizational performance are discussed in various works. However, the current level of understanding of these outcomes is based primarily on anecdotal evidence. Performance enhancements are the results from a carefully formulated outsourcing strategy that are suggested by the competency-based and resource-based perspectives on strategic management. The competency-based view involves the investments in those activities that constitute its core competence while outsourcing the rest (Prahalad & Hamel, 2010; Quinn, 2014). The core competencies provide both the basis and the direction for the growth of the firm (Peteraf, 1993). Similarly, the resource-based view suggests that sustained competitive advantage is possible only through developing resources and capabilities that are valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991; Grant, 1991). The resource-based view provides that inputs that are traded should be procured from the market, because investments in their creation are unlikely to lead to any sustainable competitive advantage.

Figure 1, Conceptual Framework
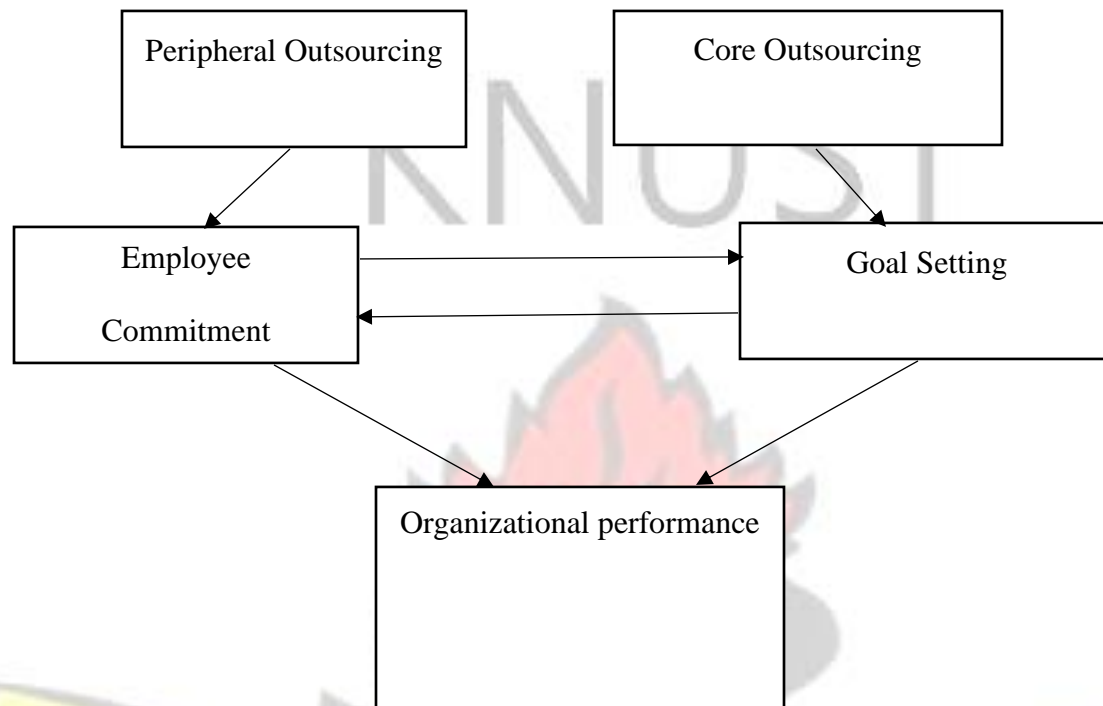
Source: Researcher's Own Construct (2023)

The most pronounced benefits of outsourcing, such as cost improvements which strictly focus on core competencies, make outsourcing an attractive option. On the contrary, the disadvantages, such as declining innovation by outsourcing firms and eventual competition from suppliers, make the benefits of outsourcing suspect. In this way, the performance implications of varying levels of outsourcing intensity appear uncertain. To settle the misunderstandings underlying this debate, and to move purposefully to resolving the issue of performance consequences of outsourcing, we propose organizational performance to be influenced by the two types of outsourcing (peripheral and core) in unique ways. Figure 1 above shows the proposed effects of peripheral and core outsourcing intensity on organizational performance. Additionally, it highlights the proposed moderating influence of firm strategy and environmental dynamism on outsourcing-performance relationships.

2.4.1 Peripheral Outsourcing

The attempt to peel off layers of peripheral tasks and shifting their production to highly focused, specialist organizations, can result in an enhanced performance (Bettis et al., 2012; D'Aveni & Ravenscraft, 2014; Kotabe, 2019; Lei &Hitt, 2015; Quinn, 2014). The improvement in performance of outsourcing organizations relative to non-outsourcing organizations manifests itself in three ways.

First, by reducing peripheral activities, it allows organizations to focus on those activities they do best. This heightened focus on core competencies may greatly enhance the organizations performance by allowing the organization to become more innovative and agile in its core domain.

Secondly, outsourcing peripheral activities may greatly improve the quality of those activities (Dess et al., 2015). Specialist organizations, by focusing their attention on core functions, perform much more successfully than could the outsourcing organization to which a given peripheral activity is only one of many (Quinn, 2014).

Finally, the outsourcing of peripheral activities to the suppliers with lowest-cost may lead to incremental improvements in a firm's overall cost position. Therefore, the argument is that, by pursuing intense peripheral outsourcing strategies, firm scan achieve higher levels of performance relative to firms that do not outsource their peripheral activities.

2.4.2 Core Outsourcing

The performance of the organization may also be influenced by the propensity with which a firm outsources its near-core, strategically relevant activities. Several authors have noted that this "core outsourcing" may lead to declining innovation (Kotabe, 2010; Teece, 2017) and eventual competition from suppliers (Bettis et al., 2012; Prahalad & Hamel, 2010; Quinn, 2014), resulting in reduced firm performance. In addition, the transfer of specialized knowledge necessary when

firms outsource near-core activities ma y also place the firm's future performance in jeopardy. The decline of industries such as televisions, bicycles, and automobiles in the U.S. has consistently been used as examples of the dangers of outsourcing near-core activities (Bettis et al, 2012). It is t h e belief that those organizations outsourcing activities very near their strategic core achieve lower levels of performance relative to firms that retain tight control over these activities.

2.5 Summary of Chapter

This chapter reviewed existing literature related to the topic under investigation. The chapter was organized into two sections. The first section reviewed selected theories of sourcing and their relevance to the study. The second section reviewed available conceptual literature such as; the concept of outsourcing, strategic outsourcing, sourcing decision, concept of performance and organizational performance. The chapter again reviewed related literature relevant to the broad area of the study which are the impact and challenges of outsourcing in organizational performance. Conceptual framework was also included in this chapter

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter discusses the techniques and processes used in obtaining relevant data for the achievement of the objectives of the study. The chapter provides a profile of the research setting or the study area, research design and the study population, Sample and Sampling Techniques, instruments that were employed for data collection instrument, Validity and Reliability of instrument, data collection procedure, data analysis, and finally Ethical Consideration.

3.1 Profile of Research Setting/ Study Area

The study was conducted in Ghana Water Company Limited (GWCL)

Ghana Water Company Limited (GWCL) is a utility company, fully owned by the state responsible for potable water supply to all urban communities in Ghana.

Ghana Water Company Limited was established on 1st July 1999, following the conversion of Ghana Water and Sewerage Corporation into a state-owned limited liability company under the Statutory Corporations (Conversion to Companies) Act 461 of 1993 as amended by LI 1648.

The first public water supply system in Ghana, then Gold Coast, was established in Accra just before World War I. Other systems were built exclusively for other urban areas among them the colonial capital of Cape Coast, Winneba and Kumasi in the1920s.

During this period, the water supply systems were managed by the Hydraulic Division of Public Works Department. With time the responsibilities of the Hydraulic Division were widened to include the planning and development of water supply systems in other parts of the country.

In 1948, the Department of Rural Water Development was established to engage in the development and management of rural water supply through the drilling of bore holes and construction of wells for rural communities.

After Ghana's independence in 1957, a Water Supply Division, with headquarters in Kumasi, was set up under the Ministry of Works and Housing with responsibilities for both urban and rural water supplies.

During the dry season of 1959, there was severe water shortage in the country. Following this crisis, an agreement was signed between the Government of Ghana and the World Health Organisation for a study to be conducted into water sector development of the country.

The study focused on technical engineering, establishment of a national water and sewerage authority and financing methods. Furthermore the study recommended the preparation of a Master Plan for water supply and sewerage services in Accra-Tema covering the twenty-year period 1960 to 1980.

In line with the recommendations of the WHO, the Ghana Water and Sewerage Corporation (GWSC), was established in 1965 under an Act of Parliament (Act 310) as a legal public utility entity. GWSC was to be responsible for:

- Water supply and sanitation in rural as well as urban areas.

- The conduct of research on water and sewerage as well as the making of engineering surveys and plans.

- The construction and operation of water and sewerage works,

•   The setting of standards and prices and collection of revenues.

GHANA WATER COMPANY LIMITED (GWCL)

Figure 3.1 Ghana Water Company Limited (GWCL)

3.2 Research Approach

Based on the research objectives and questions of the study, the study made use of the quantitative research approach.

Quantitative research generates numerical data or information that can be converted into numbers. It focuses more in counting and classifying features and constructing statistical models and figures to explain what is observed (Sampson, 2012). The purpose is to quantify data and generalize results from a sample to the population of interest. It involves the use of structured techniques such as questionnaires (Creswell, 2005).

3.3 Research Design

Descriptive survey research design was used for the study since the study seeks to examine the role of outsourcing in organizational performance. Descriptive research design involves systematic

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gathering of data about elements and collectivities in order to test hypotheses or answer research questions concerning the current status of the subject of the study (Ary, Jacobs, Razavieh & Sorensen, 2006). Ghauri and Grønhaung (2002) noted that in descriptive research, the research problem is well structured and understood and the researcher conducts a study to describe it accurately and the outcome is a detailed picture of the subject.

Malhotra and Birks (2007) consider this design to be wholesome when information is needed about conditions or relationships that exist; practices that prevail; beliefs, points of view, or attitudes that are held or process that are going on. They added that descriptive research does not fit into the definition of either qualitative or quantitative research methodologies, but rather it can utilize elements of both usually within the same study. An advantage of a descriptive survey is that it helps the researcher to collect data to enable him draw the relationship between variables and analyze the data. It helps to observe, describe and document aspect of a situation as it naturally occurs (Ary et al., 2006). However, it is relatively laborious and time consuming method. It is susceptible or easily influenced to distortions through the introduction of biases in the measuring of instruments and so on. It is sometimes regarded as focusing too much on the individual level, neglecting the network of relations and institutions of societies (Ary et al., 2006). Due to these disadvantages or challenges, the researcher is objective and independent as possible. Data was organized and presented systematically in order to arrive at valid and accurate conclusions. The researcher also described variables and procedures accurately and completely as possible so that the study can be replicated by other researchers.

3.4 Population

Research population refers to or represents all the cases of people, organizations or institutions of interest to the researcher (Aidoo-Buameh, 2014). According to Mugenda and Mugenda (2003), a

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population refers to an entire group of individuals, objects or events having a common observable characteristic of the researcher's interest. The population is the group of individuals to which the findings, discussion of the findings, and the implications of the research is generalized (Sampson, 2012). That is, the population possesses certain characteristics or information relevant to the research or researcher. Population for the study include the members of the procurement board and selected workers from other department of the Ghana Water Company Limited.. In all, a population of 100 was used for the study.

3.5 Sample and Sampling Techniques

According to Saunders et al. (2007), sampling techniques provide a range of methods that enable a researcher to reduce the amount of data he needs to collect by considering only data from a subgroup rather than all possible cases or elements. Fifty participants [(50 (50%)] of the target population were selected for the study. This sample size was chosen based the assertion from Asamoah Gyimah and Duodu (2005). The authors asserted that, that for quantitative studies, a sample size of 30% to 60% of the population size is sufficient for generalization purpose. Again, the sample size was chosen to enhance a concise analysis of the data and for the researcher to work within time.

Purposive sampling method was used to purposely select the respondents for data analysis. Purposive sampling method was used because it allowed the study to focus on people who would most likely experience, know about, or have insights into the outsourcing and organization performance. Kerlinger (1986) explains purposive sampling as a type of non-probability sampling, which is characterized by the use of judgment and a deliberate effort to obtain representative samples by including typical areas or groups in the sample. A purposive sample is one in which a researcher tries to create a representative sample without sampling at random. In other words,

purposive sampling targets a particular group of people. The importance of purposive sampling lies in selecting information rich-cases, for in-depth analysis related to the central issues being studied. Fifty (50) employees from Ghana Water Company Limited (GWCL) were purposively selected for the study.

3.6 Data Source and Data Collection Instrument

Data was collected using both primary and secondary sources. Since the research was based on a quantitative approach, structured questionnaires were used to collect primary data. Secondary data was acquired from outside the field sources. Journals, newsletters, and the internet are only a few examples. Questionnaire, according to Saunders et al. (2003), is one of the most common data collection techniques, and it is a device for obtaining responses to a predesigned subject matter using a form that the respondent fills out. The survey included both closed-ended and open-ended questions, with closed-ended questions presenting respondents with a limited range of alternatives and open-ended questions encouraging them to disclose as much information as possible. These Questionnaires provided the researcher with data on the subject.

This instrument comprised of various questions regarding outsourcing and organization performance.

3.7 Validity of Instrument

Validity is the degree to which the study accurately answers the questions it is intended to answer (Gravetter & Forzano, 2018). Validity gives the determination of the results of the research on whether it truly measures what it is intended to measure. In summary, data validity is how the outcome of the research reflects the true value of the outcome of the research (Neuman, 2014). One way the researcher ensured validity was by employing the expertise of colleagues and the supervisor. Vanderstoep and Johnson (2008) argued that a researcher can ensure validity by asking

a group of experts to review instruments. By this, draft copies of the instrument was sent to some lecturers from the department who read through and made the necessary corrections. After this review, the questionnaires was again sent to the researcher's supervisor for further review. Their professional advices helped shape the instrument hence ensuring validity.

3.8 Reliability of Instrument

Reliability is the consistency of test instruments across samples selected repeatedly (Webb, Shavelson, & Haertel, 2006). According to the study of (Neuman, 2014), reliability is the ability or the extent to which respondents sourced in a study are consistent and constitute an accurate representation and measure of the sample frame. When the research is such that it can be replicated using a similar methodology or the same methodology, then the instrument used for the study is said to be reliable. To ensure reliability of the study, a pilot study was carried out in the Electricity Company of Ghana (ECG). This company was selected because of its similar characteristics with the company selected for the actual study. After the pilot study, unclear questions were modified and wrong phrasings of questions were rephrased to fit the study. Ambiguous questions were also detected and corrected accordingly. All these were done to ascertain the level of suitability of the instruments used, ease understanding and maximize their reliability.

3.9 Data Collection Procedures

The researcher was given a research authorization letter and an introduction letter by the Department of Logistics and Supply Chain Management-Kwame Nkrumah University of Science and Technology authorizing the researcher to proceed with data collection. With these letters, the researcher visited the manager of the company, introduced himself with the available letters and sought the permission of the manager to reach the workers to administer the questionnaires. Necessary arrangements concerning days and time were made with the manager of the company.

On the data collection day, the researcher sampled the respondents according to the sampling technique adopted. All the respondents were assured of anonymity and confidentiality of the highest order. The respondents were again reminded that the research was purely for academic purposes. The respondents were then requested to fill the questionnaires and the researcher collected them.

3.10 Data Analysis

Kaul (2000) defined data analysis as studying of the organized material in order to discover inherent facts. Crang and Cook (2007) acknowledge that data analysis as a process "involves doing nitty-gritty things with paper, pens, scissors, computers and software. It's about chopping up, re-ordering, re-construction and (re) assembling the data we have so diligently constructed" (Frankel & Wallen, 2009). Analysis is done on data for the purposes of description, generating empirical relationship and explanation and prediction.

The researcher edited, tabulated and analyzed the quantitative data using the Statistical package for Social Science (SPSS) version 23.0, and transferred these statistical data into statistical chart such as Pie charts and Bar charts using Microsoft Word and Excel software.

3.11 Ethical Consideration

Neuman (2007) posits that, ethical issues tell what is not legitimate to do or what a moral research procedure involves. Ethical principles have it that, a researcher must have respect for human beings, beneficence, there must be research merit and integrity as well as justice (Australian Council for International Development, 2017). Favaretto (2020) also discussed that, the principles of ethics are minimizing the risk of harm, obtaining informed consent, protecting anonymity and confidentiality, avoiding deceptive practices and providing the right to withdraw.

The researcher appropriately addressed ethical issues with regards to the approach adopted. An introductory letter of permission to obtain data from the target respondents was obtained from the Department of Logistics and Supply Chain Management-Kwame Nkrumah University of Science and Technology. The purpose and objectives of the study were be concisely explained to the target respondents. The confidentiality of their responses was clearly explained for the appreciation of the respondents. Respondents were involved after their informed consent were obtained. They were again notified that their involvement will not have anything to do with their job evaluation. Finally, it was emphasized that their responses were voluntary.

3.12 Chapter Summary

This chapter concentrated on the data and methodology employed for the study. Specifically, the chapter discussed the research design, population of the study, sample size and sampling techniques, data source and collection, variables and measurements, validity and reliability all with the primary goal of achieving the objectives of the study.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter is a presentation, analysis, and discussion of the data gathered from respondents. It gives the demographic profile of the respondents and the variables used.

The researcher distributed 100 questionnaires but was able to retrieve only 74 questionnaires that were correctly filled and answered. This gave a retrieval rate of 74%. According to Amin (2004), if the response rate is more than 70%, this is enough to carry on and continue with data analysis. The sample size for the study was therefore used for the presentation and analysis of the data gathered.

4.1 Demographic profile of respondents

The demographics of the respondents are included in this section to present information on the personal details of the respondents sampled for the study as well their connection with the company selected for the research. The key data taken from the respondent individuals are Gender, age, Educational Background, No. of Years with the company, Department and Management level.

Table 1 Gender of Respondents

	Frequency	Percent
Male	23	46.0
Female	27	54.0
Total	**50**	**100.0**

Source: field survey (March 2023)

The data provided in Table 1 shows the gender distribution of a sample of 50 respondents, put into two categories: Male and Female. The data reveals that there is a relatively equal gender split among the sample, with 27 respondents (54%) identifying as Female and 23 respondents (46%)

identifying as Male. This suggests that the organization has a relatively diverse gender representation, with both men and women being well-represented in the workforce.

Table 2. Age of Respondents

Age	Frequency	Percent
18-30years	22	44.0
31- 40years	26	52.0
41-50years	2	4.0
Total	**50**	**100.0**

Source: field survey (March 2023)

The data provided in Table 2 shows the age distribution of a sample of 50 respondents, divided into three age categories: 18-30 years, 31-40 years, and 41-50 years.

From the data, it can be that the majority of the respondents fall into the 18-30 years age category, with 22 respondents representing 44% of the sample size. This suggests that the organization may have a relatively young workforce, or that the sample was drawn from a population with a higher proportion of young people. The 31-40 years age category has the second-largest representation, with 26 respondents representing 52% of the sample size. This suggests that the organization also has a significant number of employees in their thirties and early forties.

The 41-50 years age category has the smallest representation in the sample, with only 2 respondents representing 4% of the sample size. This suggests that the organization has relatively few employees in their late forties and early fifties.

Table 3. Departments of Respondents

Department	Frequency	Percent
Accounts	5	10.0
Administration	5	10.0
Commercial	4	8.0
DISTRIBUTION	1	2.0
ICT	3	6.0
Material	6	12.0
Operations	1	2.0
Procurement	25	50.0
Total	**50**	**100.0**

Source: field survey (March, 2023)

Data in Table 3, presents the departmental distribution of a sample of 50 respondents. The table shows the number of respondents and the percentage of the total sample that each department represents. The data reveals that the Procurement department is the largest department, with 25 respondents representing 50% of the total sample. This suggests that procurement is a significant area of focus for the organization.

Other departments with a notable representation in the sample include Material (12%), Accounts and Administration (10% each), and ICT (6%). The Commercial and Distribution departments have a relatively smaller representation in the sample, at 8% and 2% respectively. The data shows that the Procurement department is the largest department, representing 50% of the total sample size. This suggests that the organization places a significant emphasis on procurement, possibly due to its importance in the company's operations.

The Material department is the second-largest, representing 12% of the sample. This suggests that the organization may also prioritize the management of materials and inventory. The Accounts and Administration departments are tied for the third-largest, with 10% of the sample each. This

suggests that the organization places a significant emphasis on financial management and administrative tasks.

The ICT department is the fifth-largest, representing 6% of the sample. This suggests that the organization recognizes the importance of technology in its operations and has invested in this department. The Commercial and Distribution departments have a relatively smaller representation in the sample, at 8% and 2% respectively. This may suggest that these departments are not as critical to the organization's operations, or they may not have been included in the sample as extensively as other departments.

Table 4. Employment status

	Frequency	Percent
Outsourced agency staff	6	12.0
Permanent staff	44	88.0
Total	**50**	**100.0**

Source: field survey (March, 2023)

Table 4 displays data on the employment status of a sample of 50 employees in the organization, broken down into two categories: Outsourced agency staff and Permanent staff.

From the data, it can be seen that the majority of the employees in the sample are Permanent staff, with 44 respondents representing 88% of the sample size. This suggests that the organization has a significant number of employees who are considered part of the core workforce.

The Outsourced agency staff category has the smallest representation in the sample, with only 6 respondents representing 12% of the sample size. This suggests that the company relies relatively less on outsourced agency staff to carry out its operations.

Table 5. Educational Attainment

Educational Attainment	Frequency	Percent
First Degree	22	44.0
HND	2	4.0
Professional Certificate	3	6.0
Second Degree	23	46.0
Total	**50**	**100.0**

Source: field survey (March, 2023)

The data displayed in Table 5 shows the educational qualification distribution of sampled employees in the selected company, and divided into four categories: First Degree, HND (Higher National Diploma), Professional Certificate, and Second Degree.

The data has it that the largest category of educational qualification in the sample is Second Degree, with 23 respondents representing 46% of the sample size. This suggests that the company has a significant number of employees who have pursued further education beyond their first degree.

The First Degree category is the second-largest, with 22 respondents representing 44% of the sample size. This suggests that the selected company also has a significant number of employees who hold a bachelor's degree as their highest level of education.

The Professional Certificate category has the smallest representation in the sample, with only 3 respondents representing 6% of the sample size. This suggests that relatively few employees in the sample have pursued professional certifications.

The HND category has the same smallest representation in the sample as the Professional Certificate category, with only 2 respondents representing 4% of the sample size. This suggests that relatively few employees in the sample have pursued a Higher National Diploma as their highest level of education.

Table 6. Years worked with the current institution

	Frequency	Percent
1-5years	22	44.0
11-15years	6	12.0
6-10years	19	38.0
Less than 1year	3	6.0
Total	**50**	**100.0**

Source: field survey (March, 2023)

The data in Table 6 shows the length of service distribution of a sample of 50 employees in the organization, put into four categories: Less than 1 year, 1-5 years, 6-10 years, and 11-15 years.

The data reveals that the largest category of length of service in the sample is 1-5 years, with 22 respondents representing 44% of the sample size. This suggests that the organization has a significant number of relatively new employees in its workforce.

The 6-10 years category is the second-largest, with 19 respondents representing 38% of the sample size. This suggests that the organization also has a significant number of employees who have been with the organization for a moderate amount of time.

The 11-15 years category has the smallest representation in the sample, with only 6 respondents representing 12% of the sample size. This suggests that relatively few employees in the sample have been with the organization for more than 10 years.

The Less than 1 year category has the same smallest representation in the sample as the 11-15 years category, with only 3 respondents representing 6% of the sample size. This suggests that relatively few employees in the sample are very new to the company.

4.2 Nature of Outsourcing

This section of the chapter analyzes the nature of outsourcing in Ghana water company. This is represented in table 7.

Table 7, Nature of Outsourcing

Nature of Outsourcing	SA	A	NAD	D	SD	Mean	Std. Dev
Outsourcing in GWCL has consistently increased over the years	9 18.0%	23 46.0%	10 20.0%	8 16.0%	0 0.0%	2.34	.961
Outsourcing is limited to some specific departments	25 50.0%	16 32.0%	7 14.0%	2 4.0%	0 0.0%	1.72	.858
Outsourcing affects the company organizational structure	5 10.0%	24 48.0%	14 28.0%	5 10.0%	2 4.0%	2.50	.953
Staff support such outsourcing initiatives	8 16.0%	24 48.0%	6 12.0%	11 22.0%	1 2.0%	2.46	1.073
Staff are properly monitored and measured	11 22.0%	19 38.0%	13 26.0%	7 14.0%	0 0.0%	2.32	.978
Outsourcing is done through a competitive bidding process	15 30.0%	22 44.0%	8 16.0%	4 8.0%	1 2.0%	2.08	.986

Source: field survey (March, 2023)

The data provided in Table 7, pertains to the nature of outsourcing at GWCL and is presented in the form of a series of statements and accompanying statistics. The below write-up gives an analysis and interpretation of each statement:

"Sourcing in GWCL has consistently increased over the years": According to the data, 9 respondents (18%) strongly agreed with this statement, while 23 (46%) agreed, 10 (20%) were

neutral, 8 (16%) disagreed, and none strongly disagreed. In general a majority of respondents (64%) had a positive view of outsourcing at GWCL, either agreeing or strongly agreeing that it has increased over the years.

"Sourcing is limited to some specific departments": According to the data, 25 respondents (50%) strongly agreed with this statement, 16 (32%) agreed, 7 (14%) were neutral, 2 (4%) disagreed, and none strongly disagreed. This suggests that a majority of respondents believe that outsourcing at GWCL is confined to certain departments rather than being a company-wide practice.

"Sourcing affects the company organizational structure": According to the data, 5 respondents (10%) strongly agreed with this statement, 24 (48%) agreed, 14 (28%) were neutral, 5 (10%) disagreed, and 2 (4%) strongly disagreed. This suggests that a significant majority of respondents believe that outsourcing has an impact on the organizational structure of GWCL.

"Staff support such outsourcing initiatives": According to the data, 8 respondents (16%) agreed with this statement, 24 (48%) strongly agreed, 6 (12%) were neutral, 11 (22%) disagreed, and 1 (2%) strongly disagreed. This suggests that a majority of respondents had a positive view of staff support for outsourcing initiatives, with 64% either agreeing or strongly agreeing.

"Staff are properly monitored and measured": According to the data, 11 respondents (22%) strongly agreed with this statement, 19 (38%) agreed, 13 (26%) were neutral, 7 (14%) disagreed, and none strongly disagreed. Overall, a majority of respondents (60%) had a positive view of the monitoring and measurement of staff in relation to outsourcing.

"Sourcing is done through a competitive bidding process": According to the data, 15 respondents (30%) strongly agreed with this statement, 22 (44%) agreed, 8 (16%) were neutral, 4 (8%)

disagreed, and 1 (2%) strongly disagreed. This suggests that a significant majority of respondents believe that outsourcing at GWCL is conducted through a competitive bidding process

The mean scores provide a measure of the central tendency of the responses for each statement, while the standard deviation gives an indication of how much variation there is in the responses. Generally, a smaller standard deviation indicates less variation in the responses, while a larger standard deviation indicates more variation.

For the first statement "Sourcing in GWCL has consistently increased over the years", the mean score is 2.34, which is below the midpoint of 3, indicating that the respondents agree with the statement. The standard deviation of 1.92 suggests a high degree of variability in the responses.

For the second statement "Outsourcing is limited to some specific departments", the mean score is 1.72, which is below the midpoint of 3, indicating that the respondents strongly agree with the statement. The standard deviation of 1.56 suggests a moderate degree of variability in the responses.

For the third statement "Outsourcing affects the company organizational structure", the mean score is 2.50, which is above the midpoint of 3, indicating that the respondents agree with the statement. The standard deviation of 1.39 suggests a moderate degree of variability in the responses.

For the fourth statement "Staff support such outsourcing initiatives", the mean score is 2.46, which is above the midpoint of 3, indicating that the respondents agree with the statement. The standard deviation of 1.48 suggests a moderate degree of variability in the responses.

For the fifth statement "Staff are properly monitored and measured", the mean score is 2.32, which is below the midpoint of 3, indicating that the respondents disagree with the statement. The standard deviation of 1.74 suggests a high degree of variability in the responses.

For the sixth statement "Outsourcing is done through a competitive bidding process", the mean score is 2.08, which is below the midpoint of 3, indicating that the respondents agree with the statement. The standard deviation of 1.60 suggests a moderate degree of variability in the responses

4.3 Benefits of Sourcing

This section of the chapter analyzes the benefits of sourcing in the Ghana Water Company. This is represented in table 8.

Table 8. Benefits of Sourcing

Benefits of Outsourcing	SA	A	NAD	D	SD	Mean	Std Dev.
Outsourcing improves credibility and image by associating with superior providers	24 48.0%	16 32.0%	7 14.0%	3 6.0%	0 0.0%	1.78	.910
Allow the company to focus on its core business	23 46.0%	23 46.0%	4 8.0%	0 0.0%	0 0.0%	1.62	.635
Avoid the cost of major investment in technology	25 50.0%	17 34.0%	7 14.0%	1 2.0%	0 0.0%	1.68	.794
Save money/ reduce operating costs	22 44.0%	20 40.0%	8 16.0%	0 0.0%	0 0.0%	1.72	.730
Reduce the number of staff and related expenses	21 42.0%	26 52.0%	3 6.0%	0 0.0%	0 0.0%	1.64	.598
Gain access to vendor talent/expertise	29 58.0%	20 40.0%	1 2.0%	0 0.0%	0 0.0%	1.44	.541
Gain access to vendor technology	23 46.0%	24 48.0%	3 6.0%	0 0.0%	0 0.0%	1.60	.606

Make up for a reduction in staff	12 24.0%	27 54.0%	8 16.0%	1 2.0%	2 4.0%	2.08	.922
To make up for the lack of in-house talent/expertise	13 26.0%	27 54.0%	8 16.0%	0 0.0%	2 4.0%	2.02	.892
Offer services the organization could not otherwise provide	14 28.0%	35 70.0%	0 0.0%	0 0.0%	1 2.0%	1.78	.648
Provide consistent/improved service delivery	23 46.0%	27 54.0%	0 0.0%	0 0.0%	0 0.0%	1.54	.503

Source: field survey (March 2023)

Table 8 above displays the frequency, percentage, mean, and standard deviation of responses related to the benefits of outsourcing. The analysis of the distribution of the results suggests the following:

On the first statement, "Outsourcing improves credibility and image by associating with superior providers" it was seen from the data that 24 respondents (48%) strongly agreed, 16 respondents (32%) agreed, 7 respondents (14%) were neutral, 3 respondents (6%) disagreed, and 0 respondents (0%) strongly disagreed.

With reference to the second statement "Allow the company to focus on its core business", 23 respondents (46%) strongly agreed, 23 respondents (46%) agreed, 4 respondents (8%) were neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

With regards to the third statement "Avoid the cost of major investment in technology", 25 respondents (50%) strongly agreed, 17 respondents (34%) agreed, 7 respondents (14%) were neutral, 1 respondent (2%) disagreed, and 0 respondents (0%) strongly disagreed.

On "Save money/reduce operating costs" 22 respondents (44%) strongly agreed, 20 respondents (40%) agreed, 8 respondents (16%) were neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

On "Reduce the number of staff and related expenses", 21 respondents (42%) strongly agreed, 26 respondents (52%) agreed, 3 respondents (6%) were neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

With respect to "Gain access to vendor talent/expertise", it was seen that 29 respondents (58%) strongly agreed, 20 respondents (40%) agreed, 1 respondent (2%) was neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

On "Gain access to vendor technology", 23 respondents (46%) strongly agreed, 24 respondents (48%) agreed, 3 respondents (6%) were neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

On "Make up for a reduction in staff", 12 respondents (24%) strongly agreed, 27 respondents (54%) agreed, 8 respondents (16%) were neutral, 1 respondent (2%) disagreed, and 2 respondents (4%) strongly disagreed.

"To make up for the lack of in-house talent/expertise", 13 respondents (26%) strongly agreed, 27 respondents (54%) agreed, 8 respondents (16%) were neutral, 0 respondents (0%) disagreed, and 2 respondents (4%) strongly disagreed.

"Offer services the organization could not otherwise provide" 14 respondents (28%) strongly agreed, 35 respondents (70%) agreed, 0 respondents (0%) were neutral, 0 respondents (0%) disagreed, and 1 respondent (2%) strongly disagreed.

"Provide consistent/improved service delivery", 23 respondents (46%) strongly agreed, 27 respondents (54%) agreed, 0 respondents (0%) were neutral, 0 respondents (0%) disagreed, and 0 respondents (0%) strongly disagreed.

With regards to mean and standard deviation, the data has it that;

The highest-rated benefit of outsourcing is "Gain access to vendor talent/expertise" with a mean score of 1.44 and a standard deviation of 0.541. 58% of the respondents agreed with this benefit.

The second most important benefit is "Provide consistent/improved service delivery" with a mean score of 1.54 and a standard deviation of 0.503. 54% of the respondents agreed with this benefit.

"To make up for the lack of in-house talent/expertise" and "Make up for a reduction in staff" were also rated highly with mean scores of 2.02 and 2.08, respectively. However, there is a wider range of responses for these two benefits, as indicated by their higher standard deviations of 0.892 and 0.922, respectively.

"Avoid the cost of major investment in technology" and "Save money/reduce operating costs" were also perceived as important benefits with mean scores of 1.68 and 1.72, respectively.

The benefits "Offer services the organization could not otherwise provide" and "Gain access to vendor technology" were less commonly cited, with mean scores of 1.78 and 1.60, respectively.

Finally, the least cited benefit was "Outsourcing improves credibility and image by associating with superior providers" with a mean score of 1.78 and a standard deviation of 0.910

From the above data, it can be inferred that the highest rated benefit of outsourcing is gaining access to vendor talent/expertise, with 58% of respondents indicating agreement. This is closely followed by allowing the company to focus on its core business, with 46% of respondents

indicating strong agreement. The least rated benefit is offering services the organization could not otherwise provide, with only 28% of respondents indicating agreement.

The results suggest that outsourcing is generally viewed positively as a way to access external expertise and resources, while also allowing the company to concentrate on its core business.

4.4 Challenges of Outsourcing

This section of the chapter analyzes the challenges of sourcing in Ghana Water Company. This is represented in table 9.

Table 9. Challenges of Outsourcing

	SA	A	NAD	D	SD	M	Std. Dev
Company exposes itself to operational risk	10 20.0%	31 62.0%	7 14.0%	1 2.0%	1 2.0%	2.04	.781
Affects the continuity of skill supply and the retention of in-house knowledge and expertise	14 28.0%	31 62.0%	3 6.0%	1 2.0%	1 2.0%	1.88	.773
Turning to an external provider causes disruption to the continuity of the services	11 22.0%	27 54.0%	8 16.0%	3 6.0%	1 2.0%	2.12	.895
Outsourcing can lead to a loss of long-run Research and Development (R&D) competitiveness	20 40.0%	16 32.0%	13 26.0%	1 2.0%	0 0.0%	1.90	.863
There is the tendency to shift overhead allocation to those products or activities that remain in-house	15 30.0%	24 48.0%	10 20.0%	0 0.0%	1 2.0%	1.96	.832

Table 9 displays data on the potential drawbacks or negative consequences of outsourcing. The respondents were asked to rate their level of agreement with several statements about the negative effects of outsourcing on a five-point scale ranging from "strongly agree" to "strongly disagree.

For the statement "Company exposes itself to operational risk," it can be seen that 20.0% of respondents strongly agreed, 62.0% agreed, 14.0% neither agreed nor disagreed, 2.0% disagreed, and 2.0% strongly disagreed. The mean response for this statement was 2.04, with a standard deviation of 0.781.

For the statement "Affects the continuity of skill supply and the retention of in-house knowledge and expertise," 28.0% of respondents strongly agreed, 62.0% agreed, 6.0% neither agreed nor disagreed, 2.0% disagreed, and 2.0% strongly disagreed. The mean response for this statement was 1.88, with a standard deviation of 0.773.

For the statement "Turning to an external provider causes disruption to the continuity of the services," 22.0% of respondents strongly agreed, 54.0% agreed, 16.0% neither agreed nor disagreed, 6.0% disagreed, and 2.0% strongly disagreed. The mean response for this statement was 2.12, with a standard deviation of 0.895.

For the statement "Outsourcing can lead to a loss of long-run Research and Development (R&D) competitiveness," 40.0% of respondents strongly agreed, 32.0% agreed, 26.0% neither agreed nor disagreed, 2.0% disagreed, and 0.0% strongly disagreed. The mean response for this statement was 1.90, with a standard deviation of 0.863.

Finally, for the statement "There is the tendency to shift overhead allocation to those products or activities that remain in-house," 30.0% of respondents strongly agreed, 48.0% agreed, 20.0%

neither agreed nor disagreed, 0.0% disagreed, and 2.0% strongly disagreed. The mean response for this statement was 1.96, with a standard deviation of 0.832.

Inference from the above data depicts that respondents generally agree with the statements presented, with means ranging from 1.88 to 2.12, and standard deviations ranging from 0.773 to 0.895. The statement with the highest agreement was "Outsourcing can lead to a loss of long-run Research and Development (R&D) competitiveness," with 72.0% of respondents either strongly agreeing or agreeing with the statement. The statement with the lowest agreement was "Turning to an external provider causes disruption to the continuity of the services," with 76.0% of respondents either strongly agreeing or agreeing with the statement.

4.5 Discussion of Results

Findings on the nature of sourcing suggest that outsourcing at GWCL has consistently increased over the years and that a majority of the respondents had a positive view of it. This is consistent with a study conducted by Addy et al. (2018) which found that outsourcing can lead to cost savings, improved efficiency, and increased focus on core business activities.

Furthermore, the data suggest that outsourcing is limited to specific departments rather than being a company-wide practice. This is in line with a study by Bahli and Rivard (2005) which found that outsourcing is typically used for non-core activities such as IT and HR, rather than core activities. A study by Kakabadse et al. (2005) also found that outsourcing can lead to changes in the organizational structure, including changes in the roles and responsibilities of employees.

Additionally, the data suggest that staff support outsourcing initiatives and that outsourcing is done through a competitive bidding process. This is in corroboration with a study by McIvor et al. (2019)

which found that involving employees in outsourcing decisions and using a competitive bidding process can increase staff support and improve the quality of outsourcing outcomes.

However, the finding that only a majority of respondents had a positive view of staff monitoring and measurement in relation to outsourcing suggests that there may be room for improvement in this area. A study by Ang et al. (2009) found that effective monitoring and measurement of outsourced activities can help to ensure that outsourcing objectives are met and can improve the quality of outsourcing outcomes.

Overall, the findings suggest that outsourcing at GWCL is viewed positively by a majority of respondents and that there are some areas for improvement in terms of organizational structure and staff monitoring and measurement

With regards to benefits of outsourcing, the results indicate that the majority of respondents agreed with the benefits of outsourcing. The most significant benefits identified were gaining access to vendor talent/expertise and providing consistent/improved service delivery. These benefits were rated highly by the majority of respondents, with mean scores of 1.44 and 1.54, respectively.

Other benefits that were perceived as important were avoiding the cost of major investment in technology and saving money/reducing operating costs. These benefits were also rated highly, with mean scores of 1.68 and 1.72, respectively.

Respondents also identified other benefits such as making up for a reduction in staff and lack of in-house talent/expertise. These benefits were rated highly but had a wider range of responses, as indicated by their higher standard deviations.

The benefit of outsourcing to offer services the organization could not otherwise provide was the least cited, with only 28% of respondents indicating agreement. This could indicate that the

respondents felt that outsourcing was more about improving the quality of existing services rather than expanding the range of services offered.

The results of the survey on the benefits of outsourcing are consistent with findings from previous studies. For instance, a study by Kshetri and Dholakia (2010) found that access to specialized knowledge and expertise is a key benefit of outsourcing. Similarly, a study by Poppo and Zenger (2002) found that outsourcing can help firms reduce costs and increase efficiency, which is consistent with the survey result that "Save money/reduce operating costs" is one of the top benefits of outsourcing.

The finding that outsourcing can allow firms to focus on their core business is also consistent with previous research. For example, a study by Domberger and Hall (1995) found that outsourcing non-core activities can enable firms to concentrate on their core competencies.

Moreover, the finding that outsourcing can provide consistent/improved service delivery is consistent with the findings of a study by Greaver (1999). The study found that outsourcing can help firms improve the quality of their services by leveraging the expertise and technology of the vendor.

The survey also found that outsourcing can help firms make up for a lack of in-house talent/expertise and make up for a reduction in staff. This is consistent with the findings of a study by Lonsdale and Cox (2000), which found that outsourcing can provide access to expertise that is not available in-house, and a study by Heeks (2010), which found that outsourcing can help firms cope with a shortage of skilled labor.

However, the survey found that offering services the organization could not otherwise provide was the least cited benefit of outsourcing. This is consistent with the findings of a study by Kakabadse

et al. (2005), which found that strategic benefits such as accessing new markets or technologies are not the primary drivers of outsourcing decisions.

Generally, the results suggest that outsourcing can provide significant benefits to organizations, particularly in terms of gaining access to vendor talent/expertise and providing consistent/improved service delivery.

The results of the survey indicate that the respondents generally agree with the statements presented regarding the risks of outsourcing. The findings suggest that outsourcing can pose significant operational risks, particularly in terms of continuity of skill supply, retention of in-house knowledge and expertise, and disruption to the continuity of services. These results are consistent with previous research on the risks of outsourcing, which has found that outsourcing can have negative impacts on the quality and availability of services, as well as on the organization's ability to maintain control and oversight over its operations (Li, 2015; Khan et al., 2018).

These results are also consistent with previous studies on outsourcing, which have found that outsourcing can lead to operational risks, loss of knowledge and expertise, and disruption of services (Dibbern et al., 2004; Lacity & Willcocks, 2001; Prajogo & McDermott, 2005). Outsourcing can also lead to a loss of long-term competitiveness due to a decrease in R&D activities (Bustinza et al., 2010). The tendency to shift overhead allocation to in-house activities has been observed in previous studies as well (Lacity & Willcocks, 2001)

Moreover, the study's finding that outsourcing can lead to a loss of long-run Research and Development (R&D) competitiveness is particularly noteworthy. Many organizations outsource their R&D activities to external providers, hoping to reduce costs and gain access to specialized

knowledge and expertise. However, this study's finding suggests that outsourcing R&D activities can have negative long-term consequences for the organization, including a loss of competitive advantage in the market. This finding is supported by previous research, which has found that outsourcing R&D activities can reduce the organization's ability to innovate and develop new products and services (Javalgi et al., 2011).

The finding that organizations tend to shift overhead allocation to those products or activities that remain in-house is also consistent with previous research on the risks of outsourcing. This practice can result in the underfunding of outsourced activities and the overfunding of in-house activities, which can lead to imbalances in the organization's overall performance and a reduction in the quality and efficiency of outsourced services (Lacity & Willcocks, 2014).

In all, the study's results highlight the importance of carefully considering the risks of outsourcing before making a decision to outsource. Organizations should weigh the potential benefits of outsourcing, such as cost savings and access to specialized knowledge and expertise, against the potential risks, such as operational risks, loss of control, and negative impacts on R&D and innovation. Companies should also consider the potential impact of outsourcing on their overall business strategy and long-term competitiveness in the market.

CHAPTER FIVE

FINDINGS CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter concentrates on summary of key findings, conclusion, recommendations as well as suggestions for further studies.

5.1 Summary of Key Findings

The following findings were made by the study.

The study found that the majority of the respondents (64%) had a positive view of outsourcing at GWCL, either agreeing or strongly agreeing that it has increased over the years.

Again, the study revealed that the majority of respondents believe that outsourcing at GWCL is confined to certain departments rather than being a company-wide practice.

Also, it was found by the study that a significant majority of respondents believe that outsourcing has an impact on the organizational structure of GWCL. A majority of respondents had a positive view of staff support for outsourcing initiatives, with 64% either agreeing or strongly agreeing. In all, a majority of respondents (60%) had a positive view of the monitoring and measurement of staff in relation to outsourcing. A significant majority of respondents believe that outsourcing at GWCL is conducted through a competitive bidding process.

The study however revealed that outsourcing poses significant operational risks to organizations, including continuity of skill supply, retention of in-house knowledge and expertise, and disruption to service continuity.

The study also found that outsourcing R&D activities can have negative long-term consequences, such as a loss of competitive advantage in the market and reduced innovation capacity.

5.2 Conclusion

Based on the data presented in the study, it can be concluded that outsourcing can provide several benefits to an organization. The highest-rated benefit of outsourcing is gaining access to vendor talent/expertise, followed closely by allowing the company to focus on its core business and providing consistent/improved service delivery. These benefits were supported by a significant number of respondents, with over 50% indicating agreement or strong agreement.

Other benefits that were perceived as important by respondents include avoiding the cost of major investment in technology, saving money/reducing operating costs, and making up for a reduction in staff or lack of in-house talent/expertise. However, these benefits had a wider range of responses and were not as strongly agreed upon by all respondents.

On the other hand, offering services the organization could not otherwise provide was the least cited benefit of outsourcing, with only 28% of respondents indicating agreement. This suggests that organizations may not see outsourcing as a means of expanding their service offerings, but rather as a means of improving existing processes and expertise.

Overall, the results of this study suggest that outsourcing can be a valuable tool for organizations to gain access to specialized talent and expertise, reduce costs, and improve service delivery. However, organizations should carefully consider the potential risks and drawbacks of outsourcing, such as loss of control over processes and data security, before making the decision to outsource.

5.3 Recommendation

Based on the findings of the study on outsourcing at GWCL, the following are some possible recommendations:

1. **Increase transparency:** The study found that a significant majority of respondents believe that outsourcing is limited to specific departments rather than being a company-wide practice. To address this, GWCL management could increase transparency by providing more information about the outsourcing process and which departments are affected.

2. **Improve monitoring and measurement of staff:** Although the majority of respondents had a positive view of the monitoring and measurement of staff in relation to outsourcing, some disagreed. GWCL management could improve the monitoring and measurement process to ensure that staff are properly supported and that outsourcing initiatives are effective.

3. **Consider staff feedback**: The study found that a majority of respondents had a positive view of staff support for outsourcing initiatives. GWCL management could consider staff feedback in the outsourcing process to ensure that it is beneficial for all parties involved.

4. **Encourage competitive bidding:** The study found that a significant majority of respondents believe that outsourcing at GWCL is conducted through a competitive bidding process. To ensure fairness and transparency, GWCL management could encourage competitive bidding and ensure that the process is open and transparent.

5. **Evaluate the impact of outsourcing on the organizational structure:** The study found that a significant majority of respondents believe that outsourcing has an impact on the organizational structure of GWCL. GWCL management could conduct a thorough

evaluation of the impact of outsourcing on the organizational structure to ensure that it is aligned with the company's goals and objectives.

54 Suggestions for further studies

Based on the findings of this study, the study wishes to suggest that the following studies be conducted.

1. A qualitative study to explore in-depth the reasons behind the positive or negative views of outsourcing among GWCL staff, and to identify potential areas for improvement.

2. A study to investigate the impact of outsourcing on the performance of GWCL, including factors such as cost savings, efficiency gains, and quality of service.

3. A comparative study to examine outsourcing practices in other water utility companies in the region, and to identify best practices and lessons learned.

4. A study to assess the impact of outsourcing on the job security and job satisfaction of GWCL staff, and to identify strategies to mitigate any negative effects.

5. A study to investigate the impact of outsourcing on customer satisfaction with GWCL services, and to identify factors that contribute to positive or negative perceptions.

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APPENDIX I

APPENDIX KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

QUESTIONNAIRE FOR STAFF OF PROCUREMENT DEPARTMENT AND SELECTED WORKERS FROM OTHER DEPARTMENTS OF THE GHANA WATER COMPANY LIMITED.

This questionnaire is intended for the collection of data that will help the researcher to investigate into the effects of outsourcing on organizational performance. The exercise is purely meant for academic purposes. Whatever information you provide will be kept confidential. Please complete this questionnaire with appropriate number or tick where necessary.

SECTION A: BASIC INFORMATION ABOUT RESPONDENTS

1. Gender:

   Male   [   ]

   Female   [   ]

2. Age:

   18 – 30years   [   ]

   31 – 40years   [   ]

   41-50years   [   ]

   Above 50years   [   ]

3. Department

   Material   [   ]

   Procurement   [   ]

   ICT   [   ]

   Accounts   [   ]

   Administration   [   ]

   Other (Specify)………………..

4. Employment status

   Permanent staff   [   ]

Outsourced agency staff [   ]

5. Educational Attainment

HND   [   ]

Professional Certificate   [   ]

First Degree   [   ]

Second Degree   [   ]

PhD   [   ]

6. How many years have you worked with the current institution?

Less than 1year   [   ]

1-5years   [   ]

6-10years   [   ]

11-15years   [   ]

Above 15years   [   ]

Section B: Nature of outsourcing in Ghana Water Company Limited (GWCL)

Using the scale below, please tick your level of agreement or disagreement for the following questions: 1 – Strongly Agree (SA), 2- Agree (A), 3- Neither Agree norDisagree (NAD), 4 – Disagree (D), 5 – Strongly disagree (SD).

7. **Nature of Outsourcing in GWCL**	**SA**	**A**	**NAD**	**D**	**SD**
Outsourcing in GWCL has consistently increased over the years					
Outsourcing is limited to some specific departments					
Outsourcing affects the company's organizational structure					
Staff support such outsourcing initiatives					
staff are properly monitored and measured					
Outsourcing is done through a competitive bidding process					

Section C: Benefits of Outsourcing on Organization Performance

Using the scale below, please tick your level of agreement or disagreement for the following questions: 1 – Strongly Agree (SA), 2- Agree (A), 3- Neither Agree norDisagree (NAD), 4 – Disagree (D), 5 – Strongly disagree (SD).

8. **Benefits of Outsourcing**	SA	A	NAD	D	SD
Outsourcing improves credibility and image by associating with superior providers					
Allow the company to focus on its core business					
Avoid the cost of major investment in technology					
Save money/ reduce operating costs					
Reduce the number of staff and related expenses					
Gain access to vendor talent/expertise					
Gain access to vendor technology					
Make up for a reduction in staff					
To make up for the lack of in-house talent/expertise					
Offer services the organization could not otherwise provide					
Provide consistent/improved service delivery					

Challenges of Outsourcing

On a scale of 1 to 5, indicate the extent to which you agree with the following as constituting challenges to the company's outsourcing activities. 1 – Strongly Agree (SA), 2- Agree (A), 3- Neither Agree norDisagree (NAD), 4 – Disagree (D), 5 – Strongly disagree (SD).

9. Challenges of Outsourcing	SA	A	NAD	D	SD
Company exposes itself to operational risk					
affects the continuity of skill supply and the retention of in-house knowledge and expertise					
Turning to an external provider causes disruption to the continuity of the services					
Outsourcing can lead to a loss of long-run Research and Development (R&D) competitiveness					
There is the tendency to shift overhead allocation to those products or activities that remain in-house					

End of Questionnaire

Thank you