

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY - KUMASI



COLLEGE OF SOCIAL SCIENCES SCHOOL OF BUSINESS

STRATEGIC IMPLICATIONS OF OUTSOURCING TO BUSINESS

**ORGANIZATIONS; A STUDY OF NWABIAGYA RURAL BANK IN ASHANTI
REGION**

BY

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INDEX NO. (PG 9540713)

**A THESIS REPORT SUBMITTED TO KNUST IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTERS DEGREE IN BUSIESS
ADMINISTRATION**

(STRATEGIC MANAGEMENT AND MANAGEMENT CONSULTANCY)

NOVEMBER, 2015

DECLARATION

I hereby declare that, except for the references to other people's work which has been duly acknowledged, this work is of my own research and it has neither in whole nor in part been presented for the award of any degree elsewhere.

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DEDICATION

I dedicate this work to GOD, my family especially to my dear husband and lovely daughter
Veronica Valarie Swarze.



ACKNOWLEDGEMENT

With my great appreciation and sincere thankfulness, I would like to acknowledge the following people for their help, advice, corporation, encouragement and support who helped in the final completion of my study.

First I thank God for his guidance and protection throughout my program and also express my gratitude to my supervisor, Dr. Bylon Bamfo for his kindness, guidance, comment, supervision and encouragement throughout the study.

Next, my special thanks go to my dear husband for his assistant, advice and encouragement throughout the study and my younger sister who always accompanied me and held baby Valarie anytime I had to see my supervisor. I would like to thank the staff of the Study Bank (NRB) for their support and assistant in collection of data to make this study possible.

Then, profound thanks to my course mates in the Master's Degree program at KNUST for their love, encouragement and assistant throughout the study.

Finally, my deepest thanks go to my family particularly my beloved daughter.

ABSTRACT

Outsourcing is a common practice among both private and public organizations and is a major element in business strategy. Perhaps most organizations now outsource some of the functions they used to perform themselves. Organizations may expect to achieve many different benefits through successful outsourcing, although there are significant risks that may be realized if outsourcing is not successful. The purpose of this study was to assess the strategic implications of outsourcing to business organizations, Nwabiagya Rural Bank - Ashanti Region. The data used was primary data mainly questionnaire; it consisted of all the staff of the study (NRB). Sample size of sixty (60) was used and SPSS and Excel were the statistical packages used for the analysis. Attributes which were related to strategic implications of outsourcing was statistically analyzed. Subsequently, multiple regressions were to examine whether the strategic implications of outsourcing contributed to effectiveness of the model with respect to the factors. The response variable was benefits of outsourcing (BOS). The findings suggest that cost of training decrease through outsourcing and outsourcer performance is reviewed regular were very significant in determining the benefit of outsourcing in the study bank at 95% confidence interval but significance level at 90% variable management function by outsourcing was also significant. This may mean that these factors affect benefit of outsourcing (BOS) in the study bank. It is strongly recommending that effect of strategic implications of outsourcing to business organizations at Nwabiagya Rural Bank in Ashanti Region must be given the primary importance in all aspects in Ghana.

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GENERAL INTRODUCTION

1.1 Introduction

This chapter discusses the general background of the study, Problem statement, objective and purpose of the study, research questions, significant of the study, scope of the study and organization of the study.

1.2 Background of the Study

Outsourcing is mostly practiced among private and public or open firms or associations. Outsourcing is a noteworthy component in business strategy. Due to this most firms or organizations now outsource the greater part of their functions. Because of the broad outsourcing practices, it has turned into a known subject in the literature review. Different reasons why outsourcing is started have been identified by researchers. Firms now appreciate a wide range of advantages and opportunities. In outsourcing, there are critical dangers related when outsourcing is not successful or fruitful. There is a lot of outsourcing writing where numerous advantages, dangers, motivators and decision policies have been exhibited though the commonalities or shared traits, relationships and divergence among the contents of these studies have not been explored.

It is realized that cost, politics and strategy are all motivators in outsourcing. The initial two regularly drive outsourcing by private industry. Political intention frequently drives outsourcing by public firms (Kakabadse & Kakabadse, 2000). While there are numerous classes, outsourcing exercises are blessed to be started for more than one reason and truth be told, may be driven by components from all classifications. For instance, the outsourcing of challenging and wellbeing

administrations and services for the English government was driven by essentials from both the cost and political classifications (Willcocks & Currie, 1997). The political atmosphere favored privatization since private associations or firms are said to give better administrations and are more productive than open partners. English government outsourcing exertion was driven by cost reduction. The three major classifications of cost reduction is examined in point of interest in the subsection. In cost driven outsourcing, a significant part of the exploratory writing distinguishes the levelheaded behind expense reserve funds or cost. (Arnold, 2000; Aubert et al., 1996; Bienstock & Mentzer, 1999; Bergsman, 1994; Brandes et al., 1997; Fan, 2000; Kriss, 1996; Laarhoven et al., 2000; Vining and Globerman, 1999; Willcocks et al., 1995). In theory, outsourcing for cost reasons can happen when venders or suppliers charges are sufficiently low that even with included overhead, benefit, and operation costs suppliers can in any case perform administration task at a lower cost (Bers, 1992; Harler, 2000). Thinking about how firms and associations accomplish enough funds to cover a supplementary layer of overhead cost but hit benefit targets furthermore performs capacities for lower expense than different firms officially performing. Specialization and economies of scale are systems used to achieve this level of success (Klainguti, 2000; Ashe, 1996; Kakabadse & Kakabadse, 2000a; Quinn et al., 1990a, Roberts, V. 2001).

A desire to save indirect costs may likewise drive outsourcing. Having few workers requires less infrastructure and sustain systems which may wind up in a more efficient, dynamic and proficient organisation. A few associations outsource to accomplish enhanced cost control while others attempt to transpose fixed cost into changing or variable cost (Anderson, 1997; Substance Week, 2000). These are only samples of the potential investment funds that organizations or associations are trying to accomplish in outsourcing. Despite the fact that firms may outsource for cost related

reasons, there are no surety that expectations on cost reduction will be accomplished. There is increasing proof that cost have been overvalued and expenses are now and again higher in the wake of outsourcing (Bryce & Useem, 1998; Cole-Gomolski, 1998; Pepper, 1996); Vining & Globberman, 1999; Welch and Nayak, 1992). As a case, again in the examination by Domberger and Fernandez specified over, the outsourcing of IT brought about a standard 9% expansion in costs (Domberger & Fernandez, 1999). Indirect cost may include contract monitoring and oversight, contract generation and procurement, intangibles, and transition costs. Capital expense and capital costs brought about by the relationship ought to additionally be arranged and planned.

Notwithstanding refocusing resources onto core capabilities, strategic issues that persuades the thought of outsourcing are restructuring, organizational growth, changing ability and the requirement for more noteworthy flexibility to oversee summon swings . Adaptability is vital driver from a scale point of view as well as with respect to the extent of item or administration. Speedier reaction from association to client necessities and outsourcing is seen as a vehicle to fulfill this. Outsourcing is typically seen as an approach to reduce the association's risk by offering it to able suppliers and in the meantime achieve the positive characteristics of those suppliers. The coming together of an organisation and that of outsourcing firm may empower an association to be a world-class for an entire suite of items and administrations where it could be a normal performer independent from anyone else. This method prompts a supposed "virtual association" where capacities are rendered to outer administration supplier to different suppliers under one understanding. Besides, both association and suppliers performs an incorporated arrangement of capacities. Be that as it may, potential pitfalls when outsourcing for key reasons. Associations may "give away the royal stones" on the off chance if they are not careful. IBM is utilized as a typical illustration of an organization that outsourced the "wrong" functions (the working framework). In

the event that firms outsource the wrong capacities they may create crevices in their learning or realities base which may keep them from future open doors. In an investigation of the air transportation industry Paoli distinguishes a cutoff of the virtual association idea (Paoli & Prencipe, 1999). Purposely, in exceedingly integrated and evolutionary technologies, applying the core competence tests may bring about outsourcing an excess of or the off base capacities.

It additionally demonstrates that industries with complex innovative system and frameworks, firms capabilities and inward collaborations may be lost when capacities are outsourced. This could bring about less productivity or proficiency among the remaining functions.

Politically-determined outsourcings are reasons why public organizations may act and perform uniquely in contrast to a private firm and in this way may have diverse outside administration giving sparks. For example, Performance of a function by the group research center does not concentrate on business sector request or profitability.

This is more social than money related. It utilizes the sample of the general population association identifying an infection or wellbeing danger, while the private firms would be in the matter of treating the tainted for cost. Notwithstanding when the administrations give off an impression of being indistinguishable, the items may be altogether different. Private firms work to generate profit while people in the public organisations endeavors to guarantee general prosperity; an alternate objective and mission. In this way while cost and strategy drive private firms, the longing for the general prosperity of people may drive outsourcing by public firms. Components that may drive outsourcing by public organisations incorporate the plans of those authorities, global trends, and current national or worldwide patterns.

Since public firms are often seen as wasteful and bureaucratic, political competitors may advance outsourcing thoughts, especially at race time, to display their readiness to roll out positive improvements in the supporters. When laws are made, people in public firms must go along. In such circumstances the outsourcing drivers are the overseeing laws and administration orders; another perceived explanation behind outsourcing by public associations (Kakabadse & Kakabadse, 2000).

Purpose behind public sector outsourcing may be better accountability. Deakin & Walsh (1996) find that managers in public organisations by and large comprehend a risk change in the specific capacity being outsourced. Nonetheless, the managers likewise trust that there is a simultaneous decrease in responsibility to the general population. The clarification is that outsourcer works up to expectations for the administration and performs the capacities to keep the administration agent happy and positive though an administration specialist lives up to expectations for people in general and keeps their intrigues essential. Willcocks & Currie (1997) and Willcocks et al. (1995) compose on data innovation (IT) outsourcing and observe that in public firms one of the four principle drivers for outsourcing IT is the temporary fad impact. Obviously working "like a business" has advance for the common association. The creators additionally recognize manager's inclination to strip of troublesome capacities as another significant motivation to outsource. In outline, this confirmation in the writing recommend that outsourcing by public firms may be started for reasons truly not the same as private industry.

1.3 Statement of the Problem

The cost socially included in outsourcing may be hard to quantify, however they can be noteworthy and very significant. The issue of outsourcing has turned into a prickly issue in the money related hover everywhere throughout the world.

Outsourcing may bring about low morale, high malingering and lower productivity (Eisele, 1994; Kakabadse & Kakabadse, 2000a; Walsh, 1996). Further the cost are not so much constrained to the organisation. Study proposes that the training and expertise level of an entire class of specialists may be fading because of outsourcing of public firms. Firms that outsource are less eager to pay for worker's education and advancement.

As one of vibrant rural banks in the Ashanti Region, the Nwabiagya Rural Bank had over the years also engaged in its entire important role through outsourcing by the way of advancing the banking to this far. Since its inception in outsourcing, the banks have extended its facility to a wide variety of clientele, rural bank's operations through outsourcing.

Nwabiagya Rural Bank (NRB) had the opportunity to rise as other banks in the region through outsourcing. The bank had the self-assurance to search for available opportunities to all their clients in region as they compete with the other banks in region. This study clearly seeks to find out the strategic implication of outsourcing practices in rural banks in Ghana with specific reference to the Nwabiagya Rural Bank (NRB), Ashanti Region.

1.4 Purpose of the Study

The idea behind the study is to assess the strategic implications of outsourcing to business organization with Nwabiagya Rural Bank (NRB) as case study. The specific objectives of the study are;

1. To identify the business activities outsourced at Nwabiagya Rural Bank.
2. To examine the benefits outsourcing at Nwabiagya Rural Bank.
3. To identify the challenges of outsourcing at Nwabiagya Rural Bank.

4. To examine the overall strategic implication of outsourcing to Nwabiagya Rural Bank.

1.5 Research Questions

1. What are the business activities outsourced at Nwabiagya Rural Bank?
2. What are the benefits of outsourcing at Nwabiagya Rural Bank?
3. What are the challenges of outsourcing at Nwabiagya Rural Bank?
4. What are the overall strategic implications of outsourcing to Nwabiagya Rural Bank?

1.6 Significance of the Study

The findings of this research would go a long way to help institutions especially the financial organisations to adopt strategies that will improve their outsourcing in their business practices. The findings of the study would throw more light on existing and emerging outsourcing practices in order to contribute to professional development of institutions in Ghana and more especially the financial institutions. The study examined the overall strategic implication of outsourcing to Nwabiagya Rural Bank. The finding will also serve as a reference material to inform strategy drafting and training programs designed for good outsourcing practices. The result of this research will also contribute to the academic body of knowledge, with emphasis on good outsourcing practices within the Ghanaian context.

1.7 Scope of Study

This research was carried out at the Nwabiagya Rural Bank in Ashanti Region. All needed information and resources relevant to the realization of the successful completion of this research

was sourced from all the branches of NRB. The choice of this case study is because of the scarce monetary resource available to the researcher and also the time bound nature of the study.

1.8 Overview of Methodology

A questionnaire containing both open ended and close ended will be developed capturing all relevant questions that will help answer the entire research question. The close-ended questions on the questionnaire will be of the Likert form with specific answer option for respondents. The views of respondents will be captured and collated by the researcher into one pool.

For this research, respondents will be made up of staff of the case study area chosen by the researcher (Nwabiagya Rural Bank). Because of the seriousness attached to the issue of service work, most of the staffs will be interviewed. Total respondent of sixty (60) will be used. After the respondents have given their views, SPSS and Microsoft Office Tool will be used for the capturing, collation, analysis and presentation of the data. If there arises for the use of secondary data, it will be acquired and applied appropriately.

1.9 Limitations to the Study

The study suffered frustrations on the response to questionnaires because respondents (staff) could not be easily traced but this did not, in any way, affect the analysis of the results.

1.10 Organisation of the Study

The study being undertaken was organized as follows: Firstly, Chapter One which is the introduction began with general introduction and background information on strategic

implications of outsourcing and other related concepts, the statement of the problem, objectives of the study, research questions, and the significance of the study. It continued by discussing the scope of the study, summary of methodology, limitation, definitions of the key concepts and organization of the study. Also, literature review which is Chapter Two, discussed the review of existing literature on the subject matter from general perspective. An attempt to link literature to the subject being studied was made.

Again, Chapter Three deals with the methodology of the study. It describes the research design and procedure employed in obtaining data for the study.

Moreover, Chapter Four dealt with the collection and analysis of data showing the kinds of relationship between variables and concepts discussed in the previous chapters. It began with the various methodologies used to access data or information to enhance the strategic implication of outsourcing to business organization.

Finally, in Chapter Five, summary of findings, conclusions and recommendations drawn were presented.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The chapter reviews diverse literatures relating to strategic implications of outsourcing to business organizations especially in Nwabiagya Rural Bank (rural banks) in Ghana. The literature review captures and presents literature on the strategic procedures in outsourcing practices. The chapter also covers outsourcing and organizational piece and obstacles and problems.

2.1 Definition of Outsourcing

There are many definitions of outsourcing viewed from different viewpoint. Institute of outsourcing clearly defines outsourcing to be a strategic use of outside resources to perform activities accepted to be handled by interior staff. Hence outsourcing is not a synonym of procurement. Lonsdale & Cox (1999) define outsourcing as the process of transferring an alive business activity, including the relevant property to a third party.

Outsourcing also may be defined as the preservation of responsibility for the release of services by an organization but devolution of the administration services of outside the organization, under a contract with agreed standards, cost and conditions.

furthermore, outsourcing is an abbreviation for outside resource using, the critical commitment by vendors in the substantial or HR connected with the whole or particular segments of the IT foundation in the organization, the creation of products and administration functions been performed inside or in-house now to a vendor. Items supplied to the multinational firm without anyone else's input, administering suppliers from around the globe and the degree of parts and finished products or items supplied and conveyed on time to the firm by independent suppliers. The dependence on outer hotspots for created parts and other quality including quality work. Hence, from above discussion we may say that outsourcing is a strategic system of acquiring and achieving competitive advantage by focusing and using external possessions in the form of transferring functions to an organization where it excels.

2.2 Strategic Outsourcing

According to Greaver (1999) outsourcing proposal becomes strategic when it goes along with the organization's long-term strategies. At the point when strategic outsourcing is more highlighted with taking care of issues, leads outsourcing to a deliberately propel level. Strategic outsourcing ought to take portrayal the entire performance and structure of the firm by making inquiries about outsourcing's performance to the organisation and finding out of its future, present and future core competencies, present and future cost and present and future competitive advantages.

One of the intimates of outsourcing literature, Ansoff (1965) argued that the most vital questions to the firm's organizational strategy are what to produce internal (vertical addition) and what to acquire from external providers (outsource). Early researchers receiving the vital outlook contend that core responsibilities, capabilities and oath of secrecy to stay in-house, whilst noncore activities can be outsourced, keeping in mind the end goal to save focal part capabilities.

Therefore, a definition of firm's borders and organizational strategy culminates in the make-orbuy-decision.

Outsourcing procedures have confronted an improvement from conventional to strategic outsourcing. Outsourcing is viewed as regular when firm is outsourcing procedures that are not viewed as very critical for the organisation, for instance exercises that don't require specific competencies by the supplier like cleaning and canteen service. Thus, strategic outsourcing happens when organizations outsource everything expect those exceptional procedures and exercises which could give a one of a kind forceful edge to the organization.

Outsourcing deliberately tries to accomplish general business change as opposed to basic cost expenses. In this manner, an organization could accomplish its objectives deliberately by concentrating on focal exercises to hierarchical achievement. Strategic outsourcing has a fleeting spotlight on minimizing operational cost or maximizing cost savings . However, as indicated by Gilley and Rasheed (2000) outsourcing is never just an obtaining result. The outsourcing choice itself contains an essential decision to dismiss the disguise of an action. As a result of that, outsourcing is an amazingly strategic choice.

2.3 Outsourcing and Organizational Performance

Outsourcing has turned into one of the popular expressions in managerial practice today.

Likewise, it has internal an expanding measure of scholarly fixation (Domberger, 1998; Leiblein, Reuer, & D'Alsace, 2002; Porter, 1997; Quinn, 1999). Yet, opposing forecasts have emerged over its presentation suggestions with changing consideration for its advantages and disadvantages. As indicated by (Doig, Ritter, Speckhals, & Woolson, 2001) practitioners

are currently beginning to question whether all around supporting outsourcing is in right course. In fact, Gottfredson, Puryear, and Phillips. (2005) build up that around half of associations in their example reported that their outsourcing projects missed the mark regarding prospect. Just 10% were very satisfied with the cost savings, and 6% were exceedingly fulfilled in light of their offshore outsourcing. So also, Booz Allen Hamilton as of late found that the success rate of outsourcing arrangements from the client's point of view was just 12% (Fortune, April 3, 2006). In like manner, a few analysts have even recommended that outsourcing may not be straight identified with execution (Leiblein et al., 2002).

Moreover, our reasoning on outsourcing procedure of firms or hierarchical execution must be redefined. Watson, Zinkhan, & Pitt (2004) offer a valuable speculative structure for investigating the execution ramifications of outsourcing technique. At the point when firms which don't rely on different firms work in this system, they bring about coordination cost and sub optimality expenses relying on the level of their freedom in the system. While their outsource activities and operations may lower harmonization costs in that structure (though performing and drawing out their own capacities), such self-ruling firms operations may bring about less effectiveness at the beginning for the system in general. Then again, while core competencies by outsource firms may show signs of improvement in system execution, such core operations might outcome in expanded coordination costs and profitability.

The writing on outsourcing method offers a level headed discussion in support or against outsourcing. Here, the individuals who contend for outsourcing technique construct their contention with respect to the upsides of lessened coordination costs as an aftereffect of expanded self-sufficient exercises and operations by firms in a system. This contention is constructing fundamentally in light of fleeting advantages. Meanwhile, the individuals who discuss against outsourcing method determine their perspective most importantly from expanded coordination charges subsequent to the system firms raise endeavor to accomplish a higher network operation. Their contention is engaged deliberately on long-term advantages.

Short-term versus long-term views on outsourcing appear to be solid with organizational or institutional points of view on expert advancements. Untimely adopters of outsourcing method to be sure learned effectiveness picks up as they found themselves able to decline settled hypothesis in-house fabricating comforts and support their ROE. Later adopters may have fleeting trend on outsourcing to increase institutional power, or as a result of lively weights in the business,

notwithstanding some natural vulnerabilities about the long term cost and benefits of outsourcing strategy as recon by Abrahamson & Rosenkopf, 1993. Regularly, some deviation from ideal level outsourcing is sure to happen and band wagering can give one essential clarification to it.

We place that the outsourcing-execution relationship intrinsically takes U shape (upset), meaning that there is significant level of outsourcing for each individual firm and as a firm goes astray assist from its ideal, either by in sourcing or outsourcing excessively, its execution gets to be insufficient. Taking a gander at this point of view, we first address these impact and afterward join them to add to an enthusiastic viewpoint of the execution ramifications of contracting action for firm execution. Note that our emphasis is not on any single outsourcing choice or arrangement, but instead on a more extensive perspective, outsourcing of a business activity, slices crosswise over furthermore goes through the overall capabilities and activities performed to fulfill customer interest.

2.4 Outsourcing: Obstacles

Both scholars and outsourcing partners who perform obligations of different firms keep on announcing the benefits of outsourcing. Sellers, for example, IBM Global Services gloat of using 'vigorous factual methods' to set up that 'outsourcing is a contracting business action that is liable to support a firm' performance (IBM Global Services 2006, p. 10). Yet different sources, for example, Wang & Yang (2007) quote just a 33% delight rate with outsourced administrations. Loh & Venkatraman. (1992) propose an apathetic relationship in the middle of performance and outsourcing that was likewise exactly upheld. Decrease economic returns seem to influence the inclination of firms to outsource a greater amount of their correspondences to sellers. Firms have

neglected to report extensive yield changes and those efficiency assumes that do exist have yet to demonstrate that offshore outsourcing works.

Without firm affirming that outsourcing brings significant returns, most conclusions are not extreme. Research studies shows "tremendous" components are not recorded in civil servant insights; yet managers carry on to expect advantages, for example, better administration, higher item dependability and quality, hold up for re-designing endeavors and more flexibility from investment .

Data on outsourcing can enter people in general ground from diverse sources. The web has encouraged this by transmission of data from different sources, for example, exchange magazines, organizations, professional listings and frequencies. Different statistical surveying firms, for example, Gartner, Cross-tab and Everest Research Institute offer examination on outsourcing, to be autonomous pursuit and analysis of firms. This data then moves to people by means of the web, exchange magazines and wire administrations where a summarized one is accounted for as unique and solid without scrutiny. This is not to say that data is not very much investigated, right or real. An illustration of this is a report which states, outsourcing market falls in 2009, yet ascends to additionally contain the line and parallel potential near term danger issues emerged in Mexico, El Salvador, Poland and Thailand' (Tims & Cook, 2009). The Market Fall and Drops quote was generally spread, reports by online and business administrations, for example, Cybermedia News and Euroinvestor (Business Wire, 2009; Global Services, 2009; Reuters, 2009) yet the 'Danger Issues' quote was uncared for. This particular reporting then goes through public arena without record or qualification.

Suppliers and outsourcers have totally inverse and diverse needs in organisations. Sellers are trying to enlarge benefits however the purchaser is searching for lower cost. In this way suppliers are not partners, in light of the fact that they have distinctive point when it comes profit motives.

Authors such as Rouse & Corbett (2001) talk about estrangement with contracting activities but rather appear to be caught up in the 'cannot go back' bind. Lack of quantitative experiential research investigative outsourcing processes. When (Wang et al, 2008). conducted a test study of contracting activity firms compared to control firms, they experiential that there was improved process competence in sales per employee, depreciation in expenses per sales dollar and charge per sales dollar but there were lower firm-level income. Wang et al. (2008) concluded that, 'firms with superior core ability were found to enjoy an benefit in leveraging their outsourcing initiatives to enhance firm value'. The suggestion drawn is that even with outsourcing, quality in-house expertise is still needed to manage and that minimise cost of operations does not reflect in a firm's overall competence, share price or bottom line.

2.5 Levels of Outsourcing

According to (Greaver, 1999) outsourcing can occur in various levels of activities. In the outsourcing spectrum (Figure 2.1) introduced by Fill and Visser (2000), outsourcing is described as dissimilar levels of outsourcing. At one great outsourcing is seen in form of hiring temporary labour or machines, and in the other extreme, the complete responsibility of the procedure and processes are outsourced and the relationships is said to be strategic partnering. In the middle are various forms of skills and consultancy providers which according to authors, represents more

everything in-between-outsourcing. Time is considered as the continuum with short-term market varying in the rational end and strategic relationship on the strategic end.

The outsourcing spectrum

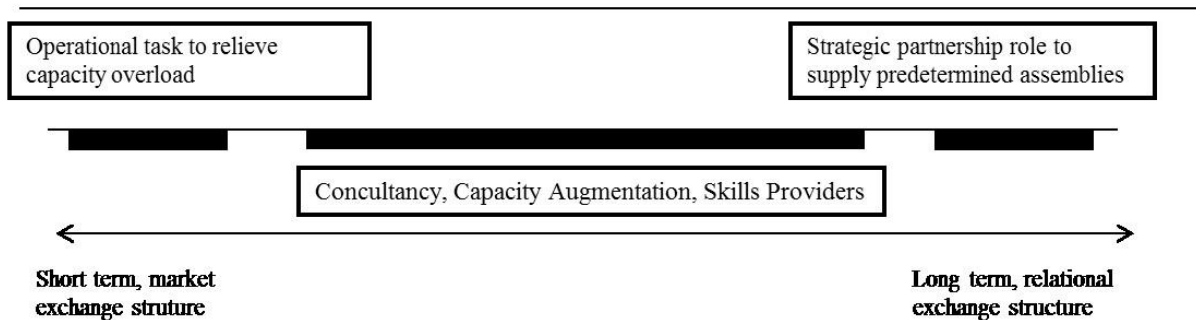


Figure 2.1: The outsourcing spectrum, Adapted from Fill Visser (2000).

In differentiating outsourcing ventures, Currie & Willcocks (1998), introduced a way that distinguish between four various types of IT sourcing decision: total outsourcing, multiplesupplier sourcing, joint-venture/strategic sourcing and in sourcing. Total outsourcing depicts the most traditional form of outsourcing, where service is contracted out for a single vendor who is then completely responsible of the outsourced service. Multiple-supplier is the second type of the outsourcing which focuses mainly on creating competition among vendors by tendering and creating standardized operations for easier comparison. The third type of outsourcing is joint ventures or strategic alliance. In joint ventures, the service provider and the client firm share both ownership of the service or product, and therefore the client company has more influence and control over the service provider. Strategic alliances are very similar with joint ventures, with common goals and ambitions. The remaining IT sourcing decision by Currie and Willcocks' (1998) list is in-sourcing and back sourcing which can exist when there are inadequate vendors or market conditions.

2.6 Outsourcing Strategies

The three major classes of outsourcing are cost, strategy, and governmental or political issues. Thus cost and strategy are more coordinated at organizations though political thought processes regularly drives outsourcing by public or open firms.

2.6.1 Cost-driven Outsourcing

A standout amongst the most referred to bases for outsourcing is the craving to spare and decrease cost, while keeping up quality administrations. To guarantee quality administrations one must think seriously about cost of work, transport, travel, and other expenses. Moreover, the drive to save indirect cost, by way of cutting down on the number of employees and less infrastructure might likewise be an intention in outsourcing. Cost driven outsourcing is identified with transaction cost economy. Focusing on that organisations won't just rely on immediate cost of acquiring goods and services. Additionally the cost identified with checking execution task, supervising contractual relationship and dealings and also overseeing of work force. with specialization and economies of scale outsourcing can achieve enough savings and benefit and also perform task more effectively than firms that do not outsource. With this, numerous organizations have outsourced IT, security, transport, cleaning, flask benefits and other non core activities.

2.6.2 Strategy-driven Outsourcing

Of late, the fiction has bolstered outsourcing as a strategy, permitting organizations, for instance, to better concentrate on their core competencies. Yet another generally referred to establishment for outsourcing is to obtain unique resources, data, and abilities controlled by different firms, and also increased flexibility to oversee interest swings, and enhance quality. In addition for strategic reasons, numerous organizations have utilized outsourcing to give upgraded administrations to customers, particularly in fields where the organization does not have the assets to offer great administrations, and to build outside ability, and spotlight on core competencies.

The strategy driven outsourcing model is connected to the asset based perspective of the firm that analyzes the resources and core competencies and abilities of organisations that help them to deliver above-ordinary rates of return . These are typically objectively based administration activities or frameworks that the enterprises performs and oversees superior to some other firm the customer legitimately think about. In spite of the fact that there are no rundown of operational assets each firm or establishment must have, belonging, for example, data, training, collaboration, brand and human skills are those included and recognized to be wellsprings of game changer, and also bodily capital assets (technology, location, access to resources), and organisational capital, for example, planning, controlling, and coordinating systems. Prior exploration has uncovered that a firm capacities are better suitable to be given to specialist service provider than in-house. Along these lines, the less perplexing and the more separate and organized the design is, the greater degree a competitor it is for outsourcing.

Likewise, the less the advantage specificity and the littler the quantity of workforce affected, the more probable an inquirer for outsourcing the movement is. Outsourcers with low arranged

dangers and low potential for forceful edge (purchase off the rack where little control is required) ought to be considered for outsourcing.

2.7 Elements of Outsourcing

As per Saxena & Bharadwaj (2009) embraces an understanding, where business procedures are the real building squares of corporative strategy. As indicated by them, from the past ruling theory of organization's center capacity as the main component of outsourcing choices, outsourcing the entire procedures is growing more toward a strategic organising and enhancing the value chain. They even go further to announce that the extent of the outsourcing is moving from inquiry of whether to outsource towards an issue of how to outsource each procedure in the quality chain. This should be possible when for each procedure outsourced is promising to locate a proficient service provider.

As per Holcomb and Hitt (2007), clarify the continuance of key outsourcing through a model which taking into account developing transaction cost theory (TCT) and resource based view (RBV).

They depict strategic outsourcing as take after, 'The sorting out comprehension that develops when firms depend on intermediate market to give over the top abilities that supplement existing capabilities and capacities sent along an organizations value chain.' It implies, that key outsourcing improves the organization's entire arrangement of abilities and quality creation conceivable, not just permits firm to decrease costs. Further more, increment to cost reserve funds, by outside administration supplier firms depend on center markets to accomplish more specific capacities that transitional markets can offer. Inside of their model, Holcomb And Hitt (2007),

consolidated conditions for worth creation with lessening costs contentions for key outsourcing, which utilizes exchange and ability based variables to examine a company's decision to outsourcing.

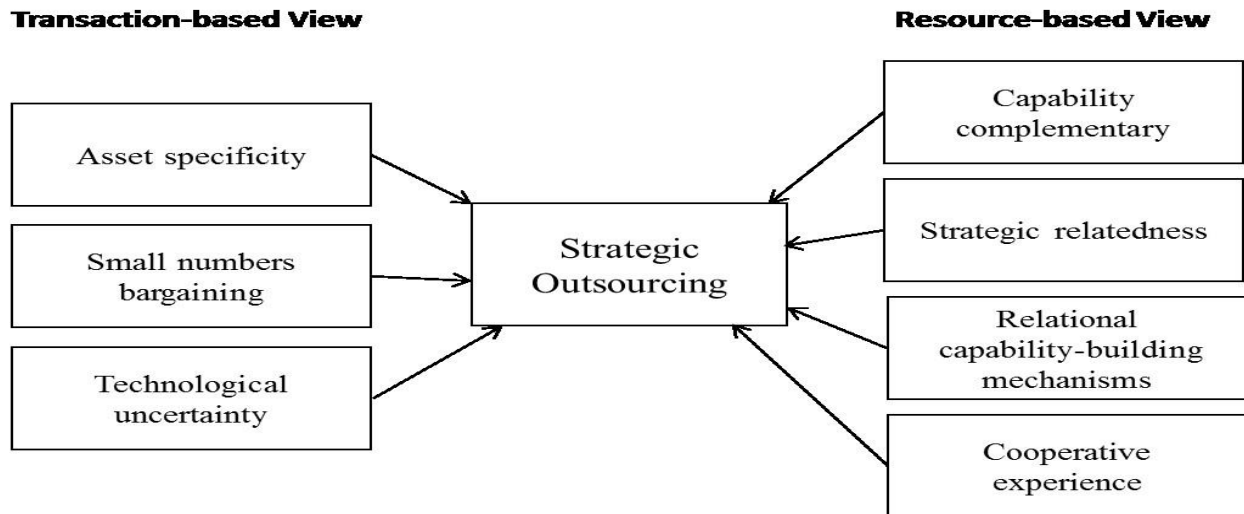


Figure 2.2: Strategic Outsourcing model. Adapted from Holcomb & Hitt (2007)

In their model, resource based view portrays the fundamental presumptions of efficiency which transaction cost theory drives the examination of strategic outsourcing. In this perspective, transaction cost advance through troubles that exist in light of business sector based trades. These cost contain negotiating, contracting, monitoring and authorization costs. As indicated by this perspective, the arrangement of diverse administration structures with characteristics of the trade and the basic contracting environment, are the premise of the performance implications of outsourcing and the decision approach organisations use. The cost transaction approach infers that all organizations with comparative trade circumstance will wind up with the same choices about strategic outsourcing, yet as per resource based resource, resource heterogeneity prompts generally comparative firms doing fundamentally diverse things by the utilization of distinctive capacities. To top off the irregularity and non-fulfillment of transaction cost theory or exchange expense

hypothesis, they consolidate it with resource based view or asset based perspective to clarify the asset heterogeneity among diverse organizations. Potential reciprocally alludes the circumstance in which concentrated skills and abilities empowers the quality creation capability organization could call organization own capacity endowments.

Nonetheless, these sorts of unique complementarities can be elusive from intermediate markets, and now and then key outsourcing can give access to them.

Handley & Benton (2009) rundowns three critical components of outsourcing procedure, Strategic assessment, contractual effectiveness and relationship management. With them, key assessment of an outsourcing choice is at the same time reflected by organisations assessment from an asset point of view and from a danger viewpoint, which underpins the blend of RBV and the transaction cost theory above (e.g. Holcomb & Hitt 2007). Capacity assessment contains the appraisal of the key estimation of the abilities and assets connected with the business action to be outsourced. Risk assessment strategy system, additionally speaks to the extent to which the organization assesses the various exercises being strategic risk associated with outsourcing . In their study, they discovered confirmations that broad key assessment assumes a huge part in powerful the accomplishment of outsourcing activities and performance. Be that as it may, the impact of strategic assessment was categorised as indirect other than direct.

2.8 Risks and benefits of outsourcing

Both the dangers and the advantages demonstrate the essentialness of outsourcing for an organisation's competitive advantage in current business life. The danger and advantages can prompt achievement or end in a fiasco. One of the prima advantages of outsourcing is that it

empowers an organization to react rapidly to changing market trends. In the same way, an adjustment in the geopolitical atmosphere or in the customer's focus or profitability could require renegotiation or more terribly, end the outsourcing alliance.

In this work, numerous potential payback of outsourcing have been recognized. Enhanced money related (money saving advantages) and different achievement impacts, for example, an additional spotlight on core capabilities are the regularly examined. The principle drivers for outsourcing give off an impression of being uneven from money saving advantages issues to deliberately slanted issues like core competencies and being more flexible. The normal advantages may contain the lower general cost by doing likewise or better service, increase quality, flexibility and access to the most recent technology.

Inherently identified with the speculative legacy of transaction cost theory, the cost advantage are the most common explored and exhibited drivers for outsourcing choice. Most of the time the craving to cost go about as a clarification for why outsourcing happens. Firms that outsource frequently accomplish cost favorable circumstances as opposed to vertically coordinated firms.

Outsourcing empowers firms to cut or decrease their assembling cost, investments in plants and equipment and skilled labour are additionally decreased in outsourcing. for example, offering resources for an outsourcing vendor may transform an organizations fixed cost/unchangeable cost into variable. Concentrating on less and reasonable exercises, associations can reduce the cost and unexpected cost they could call their own operations. Particularly in the short run, outsourcing may be delegated an alluring method for enhancing money related execution of firms. The mean to decrease aberrant expenses might likewise drive outsourcing. Case in point, having less representatives requires less interests in framework and emotionally supportive networks. This

decrease in coordination cost oblige an unbundling of capacities instead of hold in-house proprietorship.

In spite of the fact that cost savings may be the primary motivation to outsource, there are no certifications that expected saving will be figured out. Now and then organizations overestimate the advantages from outsourcing or interestingly think little of the exchange costs . Outsourcing dependably causes coordination costs following the customer's needs to screen the administration supplier, at any rate to some degree. Increase indirect cost and social cost may happen in outsourcing. indirect cost can advance for instance through contract monitoring, transition cost and oversight and contract generation and procurement . Besides, social cost may be hard to evaluate, however now and then outsourcing can bring about lower proficiency furthermore proceeds with non-attendance. Costs identified with the outsourcing relationship ought to be basically checked too.

Outsourcing can make different points of interest too. For instance, outsourcing gives firms with more prominent ability to flexibility when firms concentrating on outsourcing can switch sellers as new, more financially savvy systems gets to be accessible. Moreover, efficiency increments inside as responsibility to a particular sort of innovation and knowledge may obstruct flexibility in the long run. Marginally reliable with that, today, progressively critical and knowledge-intensive business components are outsourced, and regularly created in close collaboration with the supplier.

There are various routes in which dependency come into view in outsourcing relationship, for example outsourcing into a restricted supply market, incompetence's in contract and poor internal alignment. The greater the unique resources and capacities the more the buyer will become reliant on the supplier .

Botches in recognizing core and non-core activities can lead organizations to accidentally outsource their competitive advantage. Case in point, applying the conventional core competence tests in highly developed and integrated technologies may bring about outsourcing an excess of the wrong capacities. There is also advocacy in literature that dangers for losing internal synergies, especially when extra outsourcing activities in industries with huge technologies and systems. This could wind up in loss of effectiveness and productivity efficiency among other activities and functions. Additionally, the continually changing competitive environment can make that what is core today not be core tomorrow. Abilities in-house is seen by firms that depending on keeping "core" activities inside or in-house , can wind up in a disparities in organization's capability and competitive priorities.

Loss of control is one of the normal dangers in outsourcing decisions today. While cost went about as a principle instrument or driver in outsourcing decision in manufacturing firms, the flighty decision making approaches brought about loss of control over the outsourced activities. These may end up in outsourcing failing as a result of absence of guiding methodology for managers, not because of the problems of outsourcing. It is shown that outsourcing is rich as far as risk and benefits, and strategic issues with outsourcing and still lacking in terms of standard procedures, decision support systems and administration tools for outsourcing decision and implementation.

The best favorable position of outsourcing is the full use of specialised service provider , modernisation, and specialised expert abilities than generally would have been muddled and pricey to imitate. In addition there can be loss of research and development because of outsourcing. Because of that, organizations that subcontract are liable to lose stroke with new advancements that may offer open doors for them. There are likewise concerns of organizational learning and knowledge creation. When organization gives out "the wrong" responsibilities, they may

accidently create holes and increase in disparities which will influence their insight and learning base which might likewise lead them to failure in operations and opportunities. Subsequently game changers for virtual associations incorporates capacity to learn.

Sharing of risk may additionally decrease the firm's danger with outsourcing. This partnership between the outsourcer and supplier may advantage in the firm's focused change and empower the firm to be a world-class performer independent from anyone else. This strategy is likewise portrayed as a supposed "virtual organisation", where capacities are outsourced to more than one vendor.

Most unprecedented dangers in outsourcing decision lie in the need to augment entire new decision making process and new management competencies and capacities. Decision on which activities to be outsourced and which ought to stay inside the organization are included. additionally choices whether all or a piece of the action ought to be rendered to specialised service provider? Last question is how to oversee relationships instead of internal functions or processes?

2.9 Determinants of the Outsourcing

Outsourcing decision is the establishment of firm's ability base and of a danger point of view which are portrayed amidst the scholastic casing. Capacity base contains the assessment of the capacities and assets connected with the business activity to be outsourced and a danger appraisal speaks to the extent to which the organization assesses and measurement of strategic risk connected with outsourcing. strategic risk evaluation in this exploration contains the choice to make or purchase, and additionally the normal dangers and advantages of outsourcing exercises. In addition, the motivation behind the key danger evaluation is to group how discriminating the

outsourced procedures are in the organisation. In any case, as said some time recently, the decision ought to be assessed likewise through function-capacity traits.

Capacity assessment takes a more operational viewpoint to the outsourcing decision, including the factors which help firms to assess its capacities for conceivable outsourcing. Moreover, the choice to outsource a function or activity ought to be assessed separately, to portray its suggestions to different capacities and to the entire production. These qualities assume a primary part when assessing the questions on whether to outsource or not and how it ought to be led.

factors such as cost, strategic factors, function characteristics and environment contain both general and organisation specific data of outsourcing implications, however the emphasis is more on the effect that the outsourcing has on an individual capacity, process or task. These determinants of the outsourcing decision are in the focal point of this research. Understanding the attributes of different components that influence the outsourcing choice assumes a critical part when looking for the response to what is outsourced and why. Summation of these components surveys the criticality of the outsourced capacity and hence influences the type of the proper outsourcing arrangement.

The determinants of the outsourcing decision are displayed three fold in the model. To start with, the strategic question of make-or-buy is assessed by looking at the drivers and dangers of outsourcing. Second, the factors that impact on the outsourcing choice are evaluated. After that, the outsourcing process components that are utilized to manage the appropriate level of the contractual fulfillment and relationship organization.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses the research procedure that was used in the study. It was organized under specific themes which include the research approach and design, the research strategy, sources of data, population and sampling, methods of data collection, data presentation, validity and reliability.

3.2 Research purpose

The purpose of this research is to identify measures to ensure effective strategic implications of outsourcing to business organizations. The purpose rests on the assumption that effective outsourcing can help to achieve quality implications of outsourcing to business organizations. Thus with emphasis on an ideal management of business organizations and assessing structures and measures to put in place to ensure effective outsourcing.

3.2.1 Research Approach

The approaches to research are exploratory, descriptive and explanatory (Saunders et al 2007). The objective of descriptive studies in research is to portray an accurate profile of persons, events or situations. This may be an extension of or a forerunner to a piece of exploratory research. However it should be thought of as a means to an end rather than an end in itself and therefore not appropriate for this research.

Explanatory approach to research establishes the relationship between variables and emphasis is on studying a situation or problem in order to explain the relationship between the variables (Saunders et al, 2007).

These studies intend using the exploratory approach to research. Exploratory approach uses a less formal approach and therefore pursues several possibilities simultaneously (Saunders et al, 2007). This approach will help to provide a background to familiarize and just to explore the subject on outsourcing in ensuring quality outsourcing delivery and assist in investigating outsourcing and its relationship with business organizations. It will serve as a valuable means of finding out ‘what is happening; to seek new insights to ask questions and to access phenomena in a new light and will be useful in clarifying our understanding of the research problem such as if you are unsure of the precise nature of the problem. It involves a search for the literature, interviewing experts in the field and conducting focus group interviews. Three approaches in exploratory research are literature survey, experience survey and analysis of ‘insight’ stimulating examples (Anonymous, 2008).

The literature search was fast and economical way for better understanding of the problem areas and also helps relate past research results, data and the type of data available. The experience survey concentrates on persons who are particularly knowledgeable in the particular area such as outsourcing and others involved in management of organizations since covering of widely divergent views is better and look for ideas on outsourcing and measures to ensure the availability of logistics to improve on outsourcing. The analysis of specific examples is a sort of case study approach which these studies intend to use in order to obtain fresh divergent views on how to improve outsourcing management.

3.2.2 Research design

Research design is defined as the “overall configuration of a piece of research” (Easterby-Smith et al, 1991). The research design provides opportunity for “building, revising and choreographing” (Miles & Huberman, 1994). It also provides the clue that holds the research together (Badu et al, 2011). It is a plan of how you will go about answering your research questions and contains clear objectives derived from the research questions, specify the sources from which you intend to collect your data and consider the constraints that you will inevitably have as well as discussing ethical issues. (Saunders et al, 2007). Research design also drives the choice of methodology and methods. The various classifications of research designs include survey research design, action research design, case study research design, exploratory research design and experimental research design.

This study intend using the case study research design. This is because it will provide a holistic in-depth investigation that is needed (Feagin et al, 1991) on the various themes the research understudied. This design can help add strength to what is already known through previous research and provide detailed descriptions of specific and rare cases. The study will use qualitative approach to research but it will however use a limited quantitative approach thus a mixed method. Qualitative approach to research is used predominantly as a synonym for any data collection technique such as interview or data analysis procedure such as categorizing data that generates or use non numerical data (Saunders et al, 2007). This method analyses and codes the data for description and themes, interprets the meaning of the information drawing on personal reflections and past research and writing the final report that includes personal biases and a flexible structure (Creswell, 2002). This method however is being criticized for being unscientific, only exploratory, too personal and full of bias. Quantitative approach typically incorporates statistical elements,

designed to quantify the extent to which certain phenomena behave/respond to stimuli in specified ways and the extent to which a target group is aware of, think, or believe or behave in a certain way. Quantitative studies tend to emphasize the measurement and the analysis of causal relationships between variables. An advantage of using this approach is that there is much validity and reliability and it gives a distinctive insight into the research (Osuala, 2005). New knowledge is added to existing knowledge and false hypothesis are eliminated. However, this method is criticized since information can be clouded due to the complexity of accompanying methods, the large sample sizes needed and the difficulty in understanding and interpreting the results (Van Maanen, 1982).

This research intends to use both qualitative and quantitative approach thus the multiple approaches. This method will help provide better opportunity to answer the research questions and evaluate the extent to which research findings can be trusted and inferences made from them. (Tashakkori & Teddlie, 2003). Thus it will give confidence that we are addressing the most important issue and enable triangulation to take place. This method will enable us evaluate the view on availability of logistics from various respondents. This method will employ the use of structured questionnaires to solicit for information from respondents which will help in the analyses of the data.

3.3 Research Strategy

The various strategies in research are experiment strategy, survey strategy, case study strategy, action research strategy, grounded strategy, ethnography strategy and archival strategy (Saunders et al, 2007).

Experiment strategy is a classical form research that owes much to the natural sciences, although it features strongly in much social science research particularly psychology. The purpose is to study causal links whether a change in one independent variable produces a change in another dependent variable.

Survey strategy is usually associated with the deductive approach. It is a popular and common strategy in business and management research and is most frequently used to answer who, what, where and how much and how many questions. It therefore intends to be used for exploratory and descriptive research.

Case study strategy; Johnson, (2002) defines case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomena within its real life context using multiple sources of evidence. This research intends to adopt the case study strategy where a research is being carried out at NRB due to the sample size and also to determine the enormous challenges concerning the availability of outsourcing. This approach will therefore help to gain a rich understanding of the context of the research and the processes being enacted. The use of this strategy will help delve into the context of outsourcing concept and also provide a richness of understanding of how outsourcing and its related activities can be managed without compromising on quality strategic in outsourcing delivery. Ethnography strategy explores the nature of a specific social phenomenon often using a small number of cases.

Grounded strategy uses the interplay between analysis and data collection to produce theory. Thus theories are not applied to the subject being studied but emerge or are discovered from the empirical data themselves (Strauss & Corbin, 1994). Action case research strategy implies an effort on the part of people to understand the role of knowledge as a significant instrument of power and control (Reason, 1994)

3.4 Sources of data

The two main types are primary and secondary sources. This survey will use both primary and secondary sources of data.

3.4.1 Primary source

Primary data are those which are collected afresh and for the first time and thus happen to be original in character and are normally published by authorities who themselves are responsible for their collection. With this method data may be collected for specific purpose (Osuala, 2005). The various types of collecting primary data include observation, questionnaire, mailed questionnaire and telephone interview (Anonymous, 2008)

The primary data will be obtained by distributing questionnaires to members and staff, stores personnel and audit personnel .With this method, personal interview will be conducted for individuals and their answers will be recorded in a structured way. As the data is collected by field staff personally it is also known as personal interview method (Anonymous, 2008). The researcher has chosen this because it will enable the researcher obtain the exact information wanted and terms are carefully defined so that as far as it is humanly possible misunderstanding is avoided. (Osuala, 2005). It is also the most flexible method of obtaining data, identity of the respondent is also known, non response very low and supervision and control being possible. In order to get complete information, secondary data from reports and records will also be reviewed.

3.4.2 Secondary data

These are those which have already been collected by other agency and have already been processed. (Badu et al, 2011). They are information which has previously been collected by some organization to satisfy its own need but it is being used by the department under reference for an

entirely different reasons. This include various publications of central , state or local government, journals of trade, commerce, economics, engineering and other sources such as books, magazines and newspapers reports prepared by various universities, historical documents, diaries, letters , etc (Anonymous, 2008). Secondary data from reports, internet and textbooks are being used in the research. Thus existing reports and manuals on procurement as well as logistics management handbook in the Ghana Health service and Ministry of health were utilized. This method will result in unforeseen discoveries, can provide comparative and contextual data such that you can place your own findings within a more general context, unconstructive and saves time and money (Saunders et al, 2007).

3.5 Population of the study

The entire population for the study was the management, staff and clients of the NRB. Specifically, the main key informants like the selected managers, accountant and other staff which the researcher deemed relevant in the running of the NRB were interviewed.

3.5.1 Sampling and Sampling Techniques

Purposive sampling technique was used for this study. The researcher adopted purposive sampling approaches in the selection of samples for the study. Purposive Sampling enables the researcher to obtain the views from the respondent (the management and staff of the NRB) for the study. The convenient sampling procedure was used to select the respondents for the case study as it had to deal with the selected clients of NRB. The sample for the study was drawn from the staff of the NRB and the its management.

3.5.2 Sample Size

Since this study focuses on the strategic implications of outsourcing to business organizations (SIO), therefore, purposive random sampling technique was used to select respondents from NRB as the study area.

The sample for this present study consisted of entity members or staff of NRB, selected accountants, clients and other staff members (NRB). In designing a sample, basing the sample selection on a comprehensive list of potential respondents who have an equal chance of selection is vital to increase the representativeness of the samples.

Hence, the researcher considered it limited time and resource to determine the sample size. Accordingly, after consideration of the nature of the study and the population using nature of operations, performance and knowledgeable personalities needed for the study, the researcher selected a total sample of sixty (60) respondents from all sections and operational groupings' using purposive sampling and convene sampling technique. This improves the accuracy of the sample in order to ensure that any differences between the respondents are controlled by making sure that each responsibility is proportionately represented.

3.6 Methods of data collection

Data collection is the way in which information is collected from the sample population. The techniques and their appropriate instruments vary depending on the method. (Badu et al, 2011).

For qualitative data the various methods and their instruments of collection involve, Observation method uses the observation guide, focus group discussion uses the interview guide, key informants interview uses interview guide. However, for quantitative data the survey method uses

questionnaire or likert scale, interview such as face to face interview or telephone method uses questionnaire or interview guide or likert scale (Badu et al, 2011).

Since this research used both qualitative and quantitative methods, data will be collected by observation, interview, and questionnaires from the key informants who will involve the entity staff of NRB.

3.6.1 Observation method

The researcher intend observing the day to day operations of the some proceedings. Thus proceedings at the bank taking activities as well as outsourcing and evaluation processes may be observed for the purpose of this research.

3.6.2 Questionnaires

The questionnaire will be used in cases where personal interview may not be possible due to time factor on the part of the respondent and these will be collected in some days.

The structured questionnaires will be administered in English languages since the target group is highly educated. The questions will be numbered serially and boxes will be provided for respondents to tick the correct answer. Responses will be recorded manually or written eligibly.

3.7 Data presentation and analysis

There are several ways of organizing or analyzing a data. This includes editing, coding and tabulation. The researcher therefore intends editing, coding and providing some tabulation with the data obtained. Editing involves going through the data carefully to find out inconsistencies and errors which will be corrected accordingly (Badu et al, 2011). However, omissions will be

interpreted to mean no response. After editing, the data will be coded by grouping responses into limited number of classes or categories after which symbols usually numbers and letters will be used in place of the coded data. The data after coding will be tabulated and this will be done by computer or manually. Data will also be presented using bar charts, pie charts and frequency distribution tables. This will help bring out the relative importance various components of the data (Anonymous, 2008).

3.8 Reliability

Polit and Hungler (1993:445) refer to reliability as the degree of consistency with which an instrument measures the attribute it is designed to measure. Furthermore, the unstructured interviews were also free from collector bias, hence its reliability. The questionnaires which were answered revealed consistency in responses. Reliability can also be ensured minimizing sources of measurement error like data collector bias. Data collector bias was minimized by the researcher being the only one to administer the questionnaires, and standardizing conditions such as exhibiting similar personal attributes to all respondents. The physical and psychological environment where data was collected was made comfortable by ensuring privacy, confidentiality, and general physical environment. Subjects were requested not to write their names on the questionnaire to ensure confidentiality.

3.9 Validity

The validity of an instrument is the degree to which an instrument measures what is intended to measure (Polit and Hungler 1993: 448).

Questions were based on information gathered during literature review and research questions to ensure that they cover a representation of the of leadership practices of heads of second cycle institutions in Atwima Nwubiagya District. Content validity was further ensured by consistency in administering questionnaires. All questionnaires were distributed to subjects by the researcher personally. The questions were formulated in simple language for clarity and ease of understanding. Clear instructions were given to the subjects and assisted subjects who found it difficult to read and write. All the subjects completed the questionnaire in the presence of the researcher. This was done to prevent subjects from giving questionnaire to other people to complete on their behalf.

External validity was ensured. Burns and Grove (1993:270) refer to external validity as the extent to which study findings can be generalized beyond the sample used. All the persons approached to participate in the study completed the questionnaire. No single person who was approached refused to participate. Generalizing the findings to all members of the population is therefore justified.

3.10 Pearson product-moment measure Correlation Coefficient.

This is used for quantitative data measured on interval or ratio scale. It is defined by

$$r = \frac{\text{cov}(x, y)}{\sqrt{SS_x SS_y}}$$

i. y_i is the response variable we wish to estimate or predict $x_{i1}, x_{i2}, \dots, x_{ik}$

$$SS_{xx} = \sum_{i=1}^n (x_i - \bar{x})^2$$

$$= \sum_{i=1}^n x_i^2 - \frac{1}{n} \left(\sum_{i=1}^n x_i \right)^2$$

$$SS_{xx} = \sum_{i=1}^n x_i^2 - \frac{1}{n} \left(\sum_{i=1}^n x_i \right)^2$$

$$SS_{yy} = \sum_{i=1}^n (y_i - \bar{y})^2 = \sum_{i=1}^n y_i^2 - \frac{1}{n} \left(\sum_{i=1}^n y_i \right)^2$$

3.11 Multiple Regression Models

It involves more than one predictor variable. It is given by $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k + \epsilon$

Where, y = BOS, β_0 = intercepts, $\beta_1 \dots \beta_k$ are the independent variables, and ϵ =error.

The parameter β_1 indicates the expected change in response (y) per unit change in x_1 when x_2 is held constant, β_2 measures the expected change in y per unit change in x_2 and x_1 is held constant.

The response y may be related to k repressor variables. It is given by

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k + \epsilon$$

The parameter $B_j, j = 0, 1, \dots, k$ are called the regression coefficients, B_j represent the expected change in the response y per unit change in x_j when all the remaining regressor variables $x_i (i \neq j)$ are held constant.

3.12 Ethical Consideration

The conducting of research requires not only expertise and diligence, but also honesty and integrity. This is done to recognize and protect the rights of human subjects. To render the study ethical, the rights to self-determination, anonymity, confidentiality and informed consent were observed.

conduct the study was obtained from Business School of KNUST Kumasi where the researcher was a student with endorsement from Head of Department which was sent to seek for formal permission and approval from the Banks (Nwabiagya Rural Bank).

Subjects consent was obtained before they completed the questionnaires. Burns and Grove (1993) define informed consent as the prospective subject's agreement to participate voluntarily in a study, which is reached after assimilation of essential information about the study. The subjects were of their rights to voluntarily consent to decline to participate, and to withdraw participation at any time without penalty. Subjects were also informed about the purpose of the study, the procedures that would be used to collect the data, an assured that there were no potential risks or cost involved.

Anonymity and confidentiality were maintained throughout the study. Burns and Grove (1993) define anonymity as when subjects cannot be linked, even by the researcher, with his or her individual responses. In this study anonymity was ensured by not disclosing the names of subjects on the questionnaire and research reports. In this study, confidentiality was maintained by keeping the collected data confidential and not revealing the subject identities when reporting or publishing the study. No identity was entered onto the questionnaire, and questionnaires were only numbered after data was collected. The ethical principle of self-determination was maintained. Subjects were treated as autonomous agents by informing them about the study and allowing them to voluntarily choose to participate or not.



CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter explains the information gathered from the field by the use of questionnaires. Questionnaires are analyzed to emphasize the responses from respondents using various forms of

frequencies, charts and graphs. This chapter is also divided into sub-headings to throw more light on questions asked on the field and in relation with the objectives of the research.

4.1 Socio-Demographic Characteristics of Respondents

Table 1 illustrates the socio-demographic characteristics of respondents which take into consideration sex, educational qualification, working experience of the respondents and age of respondents.

Table 1 show that 31 respondents representing 51.7% of the total number of respondents were males while 29 representing 48.3% of the total number were females. This clearly signifies that male respondents were more than their female counterparts in the survey and it may be as a result of male dominating little more than the female in the study areas which is also in support of what pertains in most industry in Ghana.

Table 4.1: Socio-Demographic Characteristics of Respondents

Sex of the respondents				
	Variables	Frequency	Percent	Cumulative Percent
	Male	31	51.7	51.7
	Female	29	48.3	100.0
	Total	60	100.0	
Age of the respondents				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Below 25	12	20.0	20.0
	25 - 35 years	25	41.7	61.7
	36 - 45 years	7	11.7	73.3
	46 - 55 years	8	13.3	86.7

	Above 55 years	8	13.3	100.0
	Total	60	100.0	
Work experience				
	Variables	Frequency	Percent	Cumulative Percent
Variable	1 -5 years	10	16.7	16.7
	6 - 10 years	13	21.7	38.3
	11 - 15 years	22	36.7	75.0
	Above 15 years	15	25.0	100.0
	Total	60	100.0	
Academic qualification				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Masters	8	13.3	13.3
	First degree	19	31.7	45.0
	Diploma	21	35.0	80.0
	SSSCE	12	20.0	100.0
	Total	60	100.0	

Source: Author's Field Survey, 2015

From Table 1, taking the age of respondents into accounts, it revealed that 20.0% and 41.7% were under 25 years and 25 -35 years respectively, 11.7% had age between 36-45 years, 13.3% had age between 46-55 years and 13.3% had the age above 55 years. This explains that most of the respondents are within the age of 25 to 35 years. This is an indication that the youth were been engaged during the survey in the study area.

Table 1, taking the working experienced workers respondents into accounts, it revealed that 16.7% and 21.7% had work for 1 - 5 years and 6 - 10 years respectively, 36.7% had work for

11 - 15 years while 25.0% had work for above 15 years in the study bank. This explains that most of the respondents had work for 11 to 15 years.

It was indicated that 8(13.3%) of the respondents had their masters qualification, 19(31.7%) had first degree qualification, 21(35.0%) had diploma certificate and 6(7.5%) of the respondents had SSSCE certificate. This indicates that, majority of respondent's posses' diploma certificate as their qualification which invariably is the requisite educational level needed by the bank.

4.2 Identification of Business in Outsourcing

Table below shows the identification of business in outsourcing by the respondents of the study bank which take into consideration of laundry, catering, cleaning, transportation and consultation service

Table 4.2: Identification of Business in Outsourcing

Laundry				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	12	20.0	20.0
	Disagree	27	45.0	65.0
	Agree	11	18.3	83.3
	Strongly Agree	10	16.7	100.0

	Total	60	100.0	
Catering				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	7	11.7	11.7
	Disagree	13	21.7	33.3
	Agree	26	43.3	76.7
	Strongly Agree	14	23.3	100.0
	Total	60	100.0	
Cleaning				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	12	20.0	20.0
	Disagree	11	18.3	38.3
	Agree	12	20.0	58.3
	Strongly Agree	25	41.7	100.0
	Total	60	100.0	
Transportation				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	11	18.3	18.3
	Disagree	11	18.3	36.7
	Agree	25	41.7	78.3
	Strongly Agree	13	21.7	100.0
	Total	60	100.0	
Consulting service				
	Variables	Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	14	23.3	23.3
	Disagree	14	23.3	46.7
	Agree	20	33.3	80.0
	Strongly Agree	12	20.0	100.0

	Total	60	100.0	
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Source: Author's Field Survey, 2015

The above table is to find out how the laundry as a one of the activities the study bank engages as outsourcing; it indicated that out of the total respondents (65.0%) out of the entire sampled population responded disagree and only (35.0%) responded agree to the assertion that the laundry as a one of the activities the study bank engages as outsourcing. The result indicates that more than half of the respondents disagreed to the laundry as a one of the activities the study bank engages as outsourcing.

On the issue of catering as a one of the activities the study bank engages as outsourcing; it revealed that out of the total respondents (33.4%) responded disagree to the assertion of catering as a one of the activities the study bank engages as outsourcing while (66.6%) responded agreed to the assertion that catering as a one of the activities the study bank engages as outsourcing. This clearly shows that more than half of the total respondents responded agreed to catering as a one of the activities the study bank engages as outsourcing.

As to whether transportation was one of the activities the study bank engages as outsourcing; it indicating that (36.6%) of the respondents responded disagree to the assertion of transportation was one of the activities the study bank engages as outsourcing while (63.4%) agreed to the assertion of transportation as one of the activities the study bank engages as outsourcing. It was clearly observed that majority of the total respondents responded agreed to the assertion of transportation as one of the activities the Nwabiagya rural bank engages as outsourcing.

a. Benefits of Outsourcing

Table below examine the benefits of outsourcing in the study bank. This takes into consideration of management function by outsourcing, market demand has forced outsourcing to improve performance. Training cost is also decrease through outsourcing. Business unit are committed through outsourcing and outsourcers are able to achieve project goals.

Table 4.3: Benefits of Outsourcing

Management function by outsourcing				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	9	15.0	15.0
	Disagree	9	15.0	30.0
	Agree	25	41.7	71.7
	Strongly Agree	17	28.3	100.0
	Total	60	100.0	
Market demand has forced outsourcing to improve performance				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	16	26.7	26.7
	Disagree	22	36.7	63.3
	Agree	11	18.3	81.7
	Strongly Agree	11	18.3	100.0
	Total	60	100.0	
Cost of training decrease through outsourcing				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	15	25.0	25.0
	Disagree	9	15.0	40.0
	Agree	21	35.0	75.0

	Strongly Agree	15	25.0	100.0
	Total	60	100.0	
Business unit are committed through outsourcing				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	18	30.0	30.0
	Disagree	20	33.3	63.3
	Agree	15	25.0	88.3
	Strongly Agree	7	11.7	100.0
	Total	60	100.0	
Outsourcers are able meet project goals				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	9	15.0	15.0
	Disagree	21	35.0	50.0
	Agree	18	30.0	80.0
	Strongly Agree	12	20.0	100.0
	Total	60	100.0	

Source: Author's Field Survey, 2015

The above table is to find out how management function by outsourcing; it indicated that out of the total respondents (30.0%) out of the entire sampled population responded disagree to management function by outsourcing and (70.0%) responded agreed to the assertion of management function by outsourcing. It was clearly observed that more than half of the respondents agreed to the assertion of management function by outsourcing. It results that both the risks and the benefits show the importance of outsourcing for a firms competitive advantage in recent business life. It can either open new opportunities and lead to success or end up in serious disaster. One of the main importance of outsourcing is that it enables a company to respond quickly to changing trends and market needs. In the same way, a change in the geopolitical climate or in

the client's focus or profitability could bring up renegotiation or worse ending the outsourcing relationship (Ashank D. & Joydeep D.G., 2005).

On the issue of market demand has forced outsourcing to improve performance; out of the total respondents (63.4%) responded disagree to the assertion of market demand has forced outsourcing to improve performance while (36.6%) responded agreed to the assertion of market demand has forced outsourcing to improve performance. This clearly show that more than half of the total respondents disagreed that market demand has forced outsourcing to improve performance.

As to whether the training cost decrease or reduces through outsourcing; it came out that only (40.0%) of the respondents responded disagree to the assertion that the cost of training decrease through outsourcing while (60.0%) agreed that the cost of training decrease through outsourcing. It became abundantly clear that majority of the respondents agreed that the cost of training decrease through outsourcing. This means that the cost of training decrease through outsourcing should be minimize for the study bank to maximize profit.

Taking into consideration of business unit were committed through outsourcing; it was observed that 63.3% of the total responded disagree to the assertion of business unit were committed through outsourcing while only 36.7% responded agreed to the assertion of business unit were committed through outsourcing. It was clearly observed that more than half of the total respondents disagreed that business unit were committed through outsourcing under study bank. This shows negative responds from respondents on business unit were committed through outsourcing under study bank.

As whether there was outsourcers were able to meet project goals in the study area; the table indicate that half of the respondents responded disagree to the assertion of outsourcers were able to meet project goals in the study area while half of the respondents also agreed to outsourcers

were able to meet project goals in the study area. It was clearly observed that there were fifty - fifty responses to the outsourcers were able to meet project goals in the study area in the study area.

KNUST

4.4 Challenges of Outsourcing

The research question three (3) answers on what are the challenges of outsourcing? This takes into accounts challenges of logistics is problem with outsourcing, qualify personnel for outsourcing is difficult, no innovation in outsourcing, outsourcing decrease knowledge and outsourcing is additional cost.

Table 4.4 Challenges of Outsourcing

Logistics is problem with outsourcing				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	13	21.7	21.7
	Disagree	8	13.3	35.0
	Agree	19	31.7	66.7
	Strongly Agree	20	33.3	100.0
	Total	60	100.0	
Qualify personnel for outsourcing is difficult				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	21	35.0	35.0
	Disagree	22	36.7	71.7
	Agree	9	15.0	86.7
	Strongly Agree	8	13.3	100.0
	Total	60	100.0	
No innovation in outsourcing				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	23	38.3	38.3
	Disagree	15	25.0	63.3
	Agree	11	18.3	81.7

	Strongly Agree	11	18.3	100.0
	Total	60	100.0	
Outsourcing decrease knowledge				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	15	25.0	25.0
	Disagree	26	43.3	68.3
	Agree	9	15.0	83.3
	Strongly Agree	10	16.7	100.0
	Total	60	100.0	
Outsourcing is additional cost				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	13	21.7	21.7
	Disagree	7	11.7	33.3
	Agree	30	50.0	83.3
	Strongly Agree	10	16.7	100.0
	Total	60	100.0	

Source: Author's Field Survey, 2015

The above table is to find out if logistics is problem with outsourcing; It indicated that out of the total respondents (35.0%) out of the entire sampled population responded disagree and (65.0%) responded agreed to the assertion of logistics is problem with outsourcing. It became abundantly clear that more than half of the total respondents agreed that logistics is problem with outsourcing. This shows a realistic response from the respondent when it to issue of logistics in outsourcing.

On the issue of qualify personnel for outsourcing was difficult; it revealed that out of the total respondents (71.7%) responded disagree to the assertion of qualify personnel for outsourcing is difficult while (28.3%) responded agreed to the assertion of qualify personnel for outsourcing is difficult. This clearly show that more than half of the total respondents disagreed to qualify personnel for outsourcing is difficult. The result of the responses was that qualify personnel for outsourcing was difficult to come by these days.

As to whether there was no innovation in outsourcing; (63.4%) of the respondents responded no innovation in outsourcing these days while (36.6%) agreed to the fact that there was no innovation in outsourcing these days. It became obvious that majority of the total respondents responded disagreed that there is no innovation in outsourcing. This means that the study bank need to put some measures in place to bring newness to the bank instead of relying on outsourcing. This confirm to Kremic et al. (2006), some function characteristics, like degree of integration, complexity and structure are generally not unique to an organization, unlike the strategy and cost factors. therefore, the decision to outsource a function or process should be evaluated individually, to show its implications to other functions and to the entire production.

Most importantly, when respondents were ask if outsourcing decrease knowledge; This indicated that the respondents who disagreed that to that assertion of outsourcing decrease knowledge were 68.3% and only 31.7% of the respondents responded outsourcing decrease knowledge. This indicates that the majority of the total respondents disagreed to that assertion of outsourcing decrease knowledge. Thus confirm what Lonsdale's suggestions (1999) that some outsourcing failures occur because of the lack of guiding methodology on behalf of managers, not inborn problems of outsourcing. It is evident, that literature of outsourcing is totally unique in terms of the possible associated risks and benefits, and strategic issues of outsourcing, yet it is lacking in terms of guidelines, decision support and management tools for outsourcing decision and implementation.

As whether there was outsourcing is additional cost; the table indicate that only 33.4% of the respondent's responded outsourcing is additional cost while 66.6% agreed to outsourcing is additional cost in the study area. It was clearly observed that majority of the total respondent responded agreed to the outsourcing is additional cost in the study bank (NRB).

4.5 Strategic Implication of Outsourcing

Table below shows the strategic implication of outsourcing by the respondents of the study bank which take into consideration of organizational support has decrease through outsourcing, discontinuation in outsourcing affect business performance, discontinuation in outsourcing affect internal staff, and discontinuation in outsourcing affect internal processes.



Table 4.5: Strategic Implication of Outsourcing
Organizational support has decrease through outsourcing

		Frequency	Percent	Cumulative Percent
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Variable	Strongly Disagree	13	21.7	21.7
	Disagree	24	40.0	61.7
	Agree	11	18.3	80.0
	Strongly Agree	12	20.0	100.0
	Total	60	100.0	
Discontinuation in outsourcing affect business performance				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	11	18.3	18.3
	Disagree	14	23.3	41.7
	Agree	22	36.7	78.3
	Strongly Agree	13	21.7	100.0
	Total	60	100.0	
Discontinuation in outsourcing affect internal staff				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	13	21.7	21.7
	Disagree	23	38.3	60.0
	Agree	13	21.7	81.7
	Strongly Agree	11	18.3	100.0
	Total	60	100.0	
Discontinuation in outsourcing affect internal processes				
		Frequency	Percent	Cumulative Percent
Variable	Strongly Disagree	13	21.7	21.7
	Disagree	12	20.0	41.7
	Agree	21	35.0	76.7
	Strongly Agree	14	23.3	100.0
	Total	60	100.0	

Source: Author's Field Survey, 2015

Taking into consideration of organizational support had decrease through outsourcing; it was observed that 61.7% of the total responded disagree to the assertion of organizational support has

decrease through outsourcing while only 38.3% responded agree to the assertion of organizational support had decrease through outsourcing to that assertion. It was clearly observed that more than half of the total respondents disagreed that organizational support had decrease through outsourcing under the study bank. This contrast that strategic outsourcing should take account the whole performance and structure of the firm by finding out more about outsourcing's relevance to the organization and its vision of its future, present and future capabilities and core competencies, current and future costs and current and future competitive advantages (Greaver, 1999).

As whether there was discontinuation in outsourcing affect business performance; the table indicate that 41.6% of the respondents disagree to the assertion of discontinuation in outsourcing affect business performance in the study area while 58.4% disagreed to discontinuation in outsourcing affect business performance in the study area. It was clearly observed that majority of the total respondent responded agreed to the discontinuation in outsourcing affect business performance in the study area.

Taking into consideration of the discontinuation in outsourcing affect internal staff; it revealed that out of the total respondents of 60, it was also observed that 60.0% responded disagree. Again, 40.0% of the respondents responded agree to the assertion of the discontinuation in outsourcing affect internal staff. Majority of respondent's responded total disagree to discontinuation in outsourcing affect internal staff. These revealed that the said bank should put some mechanism in place to address discontinuation in outsourcing affects internal staff to improve perform of the bank.

Most importantly, when respondents were ask if discontinuation in outsourcing affects internal processes; this indicated that the respondents who disagreed that to that assertion of discontinuation in outsourcing affects internal processes in the study bank were 41.7%. Again,

58.3% of the total respondents of 60 responded agree to the assertion of discontinuation in outsourcing affects internal processes. This indicates that the majority of the total respondents disagreed to that assertion of discontinuation in outsourcing affects internal processes.

Table 4.6: Correlation

Correlations				
	Management function by outsourcing	Market demand force outsourcing to improve performance	Cost of training decrease through outsourcing	Business unit are committed through outsourcing
Management function by outsourcing	1	.430	.597	.506
		.001		.000

	60	60	.000	60
			60	
Market demand force outsourcing to improve performance	.430	1	.730	.958
	.001		.000	.000
	60	60	60	60
Cost of training decrease through outsourcing	.597	.730	1	.734
	.000	.000		.000
	60		60	
		60		60
Business unit are committed through outsourcing	.506	.958	.734	1
	.000	.000	.000	
	60	60	60	60

Source: Author's Field Survey, 2015

Table 4.6 was used to find the relationship between management function by outsourcing and market demand force outsourcing to improve performance. It shows that there was moderate relationship between management function by outsourcing and market demand force outsourcing to improve performance ($r = 0.430$). This indicates the prediction between management function by outsourcing and market demand force outsourcing to improve performance 43.0%.

Again, table 4.6 was used to find the relationship between market demand force outsourcing to improve performance and business unit are committed through outsourcing. It also shows that there was strong relationship between market demand force outsourcing to improve performance and business unit are committed through outsourcing ($r = 0.958$). This indicates the prediction between market demand force outsourcing to improve performance and business unit are committed through outsourcing 95.8% (detail of others are shown in table 4.6).

4.6 Regression Analysis

Table 4.7: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 ^a	.717	.679	.578

a. Predictors: (Constant), Outsourcing has improved productivity, Outsourcer performance is reviewed regular, Outsourcers are able meet project goals, Management function by outsourcing, Market demand force outsourcing to improve performance, Cost of training decrease through outsourcing, Business unit are committed through outsourcing

From Table 4.7 the model summary suggests that the predictors or the independent variables were able to predict the dependent variable for 71.7% which can be read from the R square. It means that, collectively, Cost of training decrease through outsourcing, Outsourcer performance is reviewed regular, Outsourcing has improved productivity, Management function by outsourcing, Outsourcers are able meet project goals, Market demand force outsourcing to improve performance, Business unit are committed through outsourcing are strong in determining the level of benefit of outsourcing in the study bank.

Table 4.8: Anova

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.970	7	6.281	18.811	.000 ^a
	Residual	17.364	52	.334		
	Total	61.333	59			

- a. Predictors: (Constant), Outsourcing has improved productivity, Outsourcer performance is reviewed regular, Outsourcers are able meet project goals, Management function by outsourcing, Market demand force outsourcing to improve performance, Cost of training decrease through outsourcing, Business unit are committed through outsourcing
- b. Dependent Variable: BOS

Table 4.12 shows that the model is very significant in predicting the benefit of outsourcing in the study bank. It means that, cost of training decrease through outsourcing, outsourcer performance reviewed regular were very significant in determining the benefit of outsourcing in the study bank. The significance level at 95% confidence interval was 0.000 but significance level at 90% variable management function by outsourcing was significant.

Table 4.9: Parameter Estimate of Regression Model

Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	T
1	(Constant)	4.311	.613		7.032
	Management function by outsourcing	-.217	.110	-.216	-1.970
					Sig.
					.000
					.054

Market demand force outsourcing to improve performance	-.383	.269	-.398	-1.426	.160
Cost of training decrease through outsourcing	-.944	.136	-1.040	-6.917	.000
Business unit are committed through outsourcing	.345	.284	.338	1.216	.230
Outsourcer performance is reviewed regular					
Outsourcers are able meet project goals	.684	.098	.738	6.981	.000
Outsourcing has improved productivity	-.150	.101	-.144	-1.487	.143
	-.020	.122	-.020	-.163	.871

a. Dependent Variable: BOS

Source: Author's Field Survey, 2015

The coefficients table analyses each independent variables contribution before predicting the dependent variable. The coefficients table depict that apart from respond to market demand force outsourcing to improve performance, business unit are committed through outsourcing, outsourcers are able meet project goals and outsourcing has improved productivity which were very insignificant, all the other predictors were very significant ($\text{sig} < 0.05$) in determining of benefit of outsourcing in the study bank but it only management function by outsourcing which was significantly 10%. It suggests that, management in their attempt to ensure greater benefit from outsourcing, it must ensure that all significant variables in the model should be taken into consideration. Management of the study bank can choose not to worry itself on insignificant variables.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings of the research based on the data collected from the field, concluding remarks and recommendations made on strategic implications of outsourcing to business organizations at Nwuabiagya Rural Bank in Ashanti Region.

5.2 Summary of Findings

From the data collected, it clearly shows that there were slightly more male participants than their female counterparts in this survey and it may be as a result of male dominance in the study bank.

It was revealed that more than half of the respondents disagreed to the laundry as one of the activities the study bank engages as outsourcing. It was shown that more than half of the total respondents responded agreed to catering as a one of the activities the study bank engages as outsourcing. It was observed that majority of the total respondents responded agreed to the assertion of transportation as one of the activities the study bank engages as outsourcing.

It was observed that more than half of the respondents agreed to the assertion of management function by outsourcing. It was shown that more than half of the total respondents disagreed that market demand has forced outsourcing to improve performance. Majority of the respondents agreed that the cost of training decrease through outsourcing. It was observed that more than half of the total respondents disagreed that business unit were committed through outsourcing under

study bank. It was also observed that there were fifty - fifty responses to the outsourcers were able to meet project goals in the study area in the study area.

Half of the total respondents agreed that logistics is problem with outsourcing. It was observed that more than half of the total respondents disagreed to qualify personnel for outsourcing is difficult. Majority of the total respondents responded disagreed to the assertion that there was no innovation in outsourcing. Majority of the total respondents disagreed to that assertion of outsourcing decrease knowledge. It was observed that majority of the total respondent responded agreed to the outsourcing is additional cost in the study bank (NRB).

It was observed that more than half of the total respondents disagreed that organizational support had decrease through outsourcing under study bank. Majority of the total respondent responded agreed to the discontinuation in outsourcing affect business performance in the study area.

Majority of respondent's responded total disagree to discontinuation in outsourcing affect internal staff. Majority of the total respondents disagreed to that assertion of discontinuation in outsourcing affects internal processes.

It was observed that there was moderate relationship between management function by outsourcing and market demand force outsourcing to improve performance ($r = 0.430$). Also, there was strong relationship between market demand force outsourcing to improve performance and business unit are committed through outsourcing ($r = 0.958$).

The regression model summary suggests that the predictors or the independent variables were able to predict the dependent variable for 71.7% which can be read from the R square. It was revealed that cost of training decrease through outsourcing and outsourcer performance is reviewed regular were very significant in determining the benefit of outsourcing in the study bank at 95%

confidence interval but significance level at 90% variable management function by outsourcing was also significant.

5.3 Conclusion

The study concludes that strategic implications of outsourcing in the study bank (NRB) were found to be significant but not highly significant. It was shown that there were slightly more male participants than their female counterparts in the bank (NRB). It was observed that more than half of the respondents agreed to the assertion of management function by outsourcing. It was shown that more than half of the total respondents disagreed that market demand has forced outsourcing to improve performance. Majority of the respondents agreed that the cost of training decrease through outsourcing. It was shown that more than half of the total respondents agreed that logistics is problem with outsourcing. It was observed that more than half of the total respondents disagreed to qualify personnel for outsourcing is difficult. Majority of the total respondents responded disagreed to the assertion that there was no innovation in outsourcing. Majority of the total respondents disagreed to that assertion of outsourcing decrease knowledge. It was observed that majority of the total respondent responded agreed to the outsourcing is additional cost in the study bank (NRB). It was observed that there was moderate relationship between management function by outsourcing and market demand force outsourcing to improve performance ($r = 0.430$). The regression the model summary suggests that the predictors or the independent variables were able to predict the dependent variable for 71.7% which can be read from the R square. It was revealed that cost of training decrease through outsourcing and outsourcer performance is reviewed regular were very important thus more significant in determining outsourcing in benefit

the study bank at 95% confidence interval but significance level at 90% variable management function by outsourcing was also significant.

5.4 Recommendation

The following recommendations were made by the researcher to help address the issues raised by the respondents in this study.

It is strongly recommending that effect of strategic implications of outsourcing to business organizations at Nwabiagya Rural Bank in Ashanti Region must be given primary importance in all aspects in Ghana. This will help strengthen the bottlenecks' in outsourcing in Ghana.

Also on the final words, we hope that this research would provide a great deal of help to the prospect scholars and the organizations who want to improve strategic implications of outsourcing to business organizations. This knowledge seek to open and broaden new horizons of study for them.

Again, Researchers who will like to do further work to find out the impact of the effects of strategic implications of outsourcing to business organizations should extend their work to the other banks to compare the level of practice in outsourcing of one bank to the others and may be for countries as well.

Hence, stakeholders in more efficient outsourcing practice should strengthen their internal processes and procedures. This guides the systems for effective collection and data analysis of performance or evaluation and the development of capacity building. This will enhance great output of work in the outsourcing in Ghana

Finally, Capacity building workshop must be organized for members of outsourcing and other stakeholders in the industry to equip them with the requisite skills necessary for the effective and efficient management of outsourcing to ensure the balance between efficiency and responsiveness in their operations and to enable them understand and appreciate the benefit of outsourcing and also in-depth on efficient outsourcing practices.

5.4 Suggestions for Further Studies

More students should be encouraged by awarding them scholarships as a motivating factor to do further research in the area of outsourcing in Ghana. In addition, other factors that would affect employee turnover in outsourcing practices must also be looked at. This research work, due to time and other limitations, could not extensively explore all areas of the research; therefore students who wish to do extensive work on similar topic can use this study as a base for further research.

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI
SCHOOL OF BUSINESS

STRATEGIC IMPLICATIONS OF OUTSOURCING TO BUSINESS

ORGANIZATIONS; A STUDY OF NWUABIAGYA RURAL BANK IN ASHANTI REGION

This survey is meant to collect relevant information from management and staff members of First Allied Savings & Loans Limited to facilitate the completion of an academic research aimed to do an assessment of the effect of total quality management [TQM] on service delivery in the banking industry. The information required for this exercise is strictly for academic purpose and any information provided would be treated with utmost confidentiality and shall be used only for the intended purpose. Your candid opinion is highly solicited.

Please I would appreciate if you could spend some few minutes answering this questionnaire.
Thank you

SECTION A

Demographic Information

Please, respond to each of the items in this section by ticking the response that is appropriate for you.

1. **Sex:** Male ☐ Female ☐
2. **Your present age:**
Below 25(☐) 25 - 35 years (☐) 36 - 45 years (☐) 46 – 55 years (☐) Above 55(☐)
3. **Your Working experience**
1-5 years (☐) 6-10 years (☐) 11-15 years (☐) Above 15 years (☐)
4. **Academic status**

Masters () First Degree () Diploma () SSSCE/ 'O' Level ()

5. Your Marital status:

Single () Married () Divorced () Widowed ()

6. Position in the bank

Manager () Accountant () Account Clerk Client () Customer ()

SECTION B

Identify the business activities outsourced

Please, express the extent to which you agree or disagree with the statements by putting a tick within the ✓ space provided.

Variable	Strongly Agree	Agree	Disagree	Strongly Disagree
7. Laundry				
8. Catering				
9. Cleaning				
10. Transportation				
11. Problem solving is a joint exercise between business and outsourcing vendor				
12. Consulting services				

13. Both outsourcing partner and business freely exchange information				
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KNUST SECTION C

Benefits outsourcing

	Strongly Agree	Agree	Disagree	Strongly Disagree
14. Outsourcing has allowed regulators to better manage functions				
15. Market demands forces outsourcing partner to improve their performance				
16. Cost of training internal IT staff decreased after outsourcing functions				
17. Business units are committed to relationship with outsourcing partners				
18. The outsourcer's performance is reviewed on a regular basis				
19. Outsourcing vendor was able to meet project goals				
20. Outsourcing vendor has improved business productivity				

SECTION D

Challenges of outsourcing

Variable	Strongly Agree	Agree	Disagree	Strongly Disagree

21. Logistics problems is with outsourcing				
22. There is difficult in finding qualified personnel for outsourcing				
23. outsourcing does not bring innovation in banking industry				
24. outsourcing does not bring quality in banking industry				
25 Outsourcing has decreased local IT knowledge				
26. Development time for major changes has decreased since outsourcing				
27. Outsourcing has created additional cost				

SECTION D

Strategic implication of outsourcing

Variable	Strongly Agree	Agree	Disagree	Strongly Disagree
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28. Organisational support from outsourcing partner has decreased over time				
29. The discontinuation of outsourcing contract has detrimental effect on business performance				
30. The discontinuation of outsourcing contract has detrimental effect on internal staff availability				
31. The discontinuation of outsourcing contract has detrimental effect on internal processes				
32. Level of service decreased after switching outsourcing vendor due to reluctance of previous vendor to help				
33. Changing outsourcing partner the previous vendor withheld documentation				

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