OUTSOURCING AND PERFORMANCE OF PUBLIC INSTITUTIONS IN UGANDA: THE CASE OF CONTRACTING AT NATIONAL PLANNING AUTHORITY

By

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMENT OF UGANDA TECHNOLOGY AND MANAGEMENT UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF AN EXECUTIVE MASTER'S DEGREE IN BUSINESS ADMINISTRATION (PROJECT PLANNING AND MANAGEMENT OPTION) OF UGANDA TECHNOLOGY AND MANAGEMENT UNIVERSITY (UTAMU)

AUGUST 2016

DECLARATION

This dissertation is my original work and has not been presented for any other award in this or any other university

Sign_____

Tatu Nakanjako (JAN 15/EMBA0462U)

Date

APPROVAL

Having supervised Tatu Nakanjako as she prepared her dissertation, I hereby endorse this work as worthy of being submitted for award of an Executive Master's Degree in Business Administration (Project Planning and Management Option) of Uganda Technology and Management University (UTAMU).

Professor Benon Basheka

Sign:

Date

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DEDICATION

I dedicate this study to my parents, Mr Tamale Muhamoud Mirundi and Mrs Margaret Bulamu, for their unwavering support throughout my lifetime.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

BBC: British Broadcasting Corporation

BPO: Business Processing Outsourcing

HR: Human Resource

IAOP: International Association of Outsourcing Professionals

ICT: Information Communication Technology

IT: Information Technology

NPA: National Planning Authority

SPSS: Statistical Package for Social Science.

TCE: Transaction Cost Economics Theory

UBPOA: Uganda Business Processing Outsourcing Association.

UK: United Kingdom

UTAMU: Uganda Technology And Management University

ABSTRACT

The study sought to establish the effect of outsourcing on institutional performance in public institutions and it used Uganda's National Planning Authority as a case study. The objectives were to ascertain the relationship between the dimensions of the independent variable (outsourcing) and the dependent variable (institutional performance). The study adopted a cross-sectional survey (mixed methods) design and the sample size was 71 respondents. The researcher used a questionnaire, key informant interview guide and document review to collect data. that the data was analyzed using the thematic analytical approach and by calculating: frequencies, means and standard deviations as well as correlation and regression analyses using SPPS V19. The study established a weak positive correlation for outsourcing IT functions (0.198) and HR functions (0.120) with institutional performance which was not statistically significant since the significance level for both dimensions (0.108) and (0.228) respectively was greater than 0.05. The study also established a weak negative correlation for outsourcing facility management services (⁻0.021) with institutional performance which was also not statistically significant since the significance level (0.447) was greater than 0.05. The results from the regression analysis established that outsourcing IT functions was the most significant contributor to institutional performance at NPA with an Unstandardized B coefficient of 0.222, followed by outsourcing HR functions with an Unstandardized B coefficient of 0.109 and lastly outsourcing of facility management services with an Unstandardized B coefficient of 0.061. These findings indicated that much as there was a relationship between outsourcing IT and HR functions and institutional performance, there are other factors that influence institutional performance other than outsourcing. The study recommends the need to foster an innovative culture among the employees as well as emphasizing the importance of contract management for outsourced functions and services. NPA also needs to exercise strong fiduciary responsibility to save costs on outsourcing and to also optimize governance and systems to manage outsourced services.

CHAPTER ONE

INTRODUCTION

1.1. Introduction

This study examined the effect of contracting as a form of outsourcing on the performance of public institutions in Uganda with the National Planning Authority as a case study. Outsourcing is considered the best management strategy by a vast majority of companies and it is no longer sensible for companies to stick to the traditional forms of expansion -- that is, hiring of more employees and building more facilities when they can simply contract services to another company at a cheaper cost (Dominic, 2014, p.12). In this study, outsourcing was the independent variable and performance of public institutions was the dependent variable. Outsourcing took the form of contracting and adopted the dimensions of Information Technology outsourcing, Human Resource functions outsourcing and facility management outsourcing; on the other hand, performance of public institutions took the dimensions of efficiency and effectiveness.

The dissertation is composed of five main chapters namely: Chapter One provides for the introduction; Chapter Two reviews literature; Chapter Three describes the methodology used in the research; Chapter Four presents, analyses and interpretes the results; and Chapter Five presents the summary, discussion, conclusions and recommendations.

1. 2 Background to the study

1.2.1. Historical background

Historically, due to the nature of markets and firms, most of the economic activities were conducted within organizations themselves (Micheal & Micheal, 2011, p.35). Typically backward

integration to upstream activities such as raw materials acquisition and forward integration with downstream activities such as marketing were undertaken within single firms (Micheal & Micheal, 2011, p.35). However, with the evolution of markets and increased number of specialized service providers within these markets, the scope for sourcing some of the non-core activities from beyond the firm's boundaries has increased significantly (Jennings, 2002, p.29). Outsourcing has become a significant issue in the restructuring of organizations and many commentators agree that it is currently "one of the fastest-growing" and most important activities in business (Burnes & Anastasiadis, 2003, p.355; Weinert & Meyer, 2005, p.1).

According to Handfield (2006 p.16), the model for most of the 20th century was a large integrated company that can "own, manage, and directly control" its assets. He further noted that in the 1950s and 1960s, the rallying cry was diversification to broaden corporate bases and take advantage of economies of scale. By diversifying, companies expected to protect profits, even though expansion required multiple layers of management. Subsequently, organizations attempting to compete globally in the 1970s and 1980s were handicapped by a lack of agility that resulted from bloated management structures. To increase their flexibility and creativity, many large companies developed a new strategy of focusing on their core business, which required identifying critical processes and deciding which could be outsourced. Most organizations were not totally self-sufficient; they outsourced those functions for which they had no competence internally. However, outsourcing was not formally identified as a business strategy until 1989 (Mullin, 1996 p.28).

The world has embraced the phenomenon of outsourcing and companies have adopted this principle to help them expand into other markets (Nyangau, Mburu & Ogollah, 2014. p.2). According to Elmuti and Kathawala (2000. p.112), enlisting private companies to deliver a wide

array of products and services is now a common and accepted practice and as institutions and organizations search for ways to grow and maintain their competitive edge, outsourcing has emerged as a dominant organizational strategy for achieving those goals.

It was further argued by Handfield (2006) that in the modern era of global competition, the companies that will succeed and continue to lead will be those that have a strong vision for lean manufacturing within the context of a dynamic and integrated supply chain. The core element that defines the winners from the losers will be an ability to leverage the expertise and knowledge of workers within your four walls, and establish collaborative results with external parties that can support your area of focus.

India is the pioneer in the offshore outsourcing field with companies such as Infosys and HCL Technologies. According to *The African Business Magazine* (2013, p.3), the model perfected in India initially revolved around back-office work such as accounting and customer service that blue chip companies in the West needed to cut costs on. As the outsourcing industry grew to be a billion-dollar industry, India's model evolved to create an outsourcing industry catering to all types of business clients (*The African Business Magazine*, 2013, p.3). It has been claimed that India's success is not due to one factor but to a confluence of mostly serendipitous aspects that have created the unique conditions for their first mover advantage (Krishna, 2000, p.5183). Among these aspects are claimed, for instance, indigenous traits of Indians such as innate mathematical ability (Balasubramanyam & Balasubramanyam, 1997. p 829), the extensive networks set up by expatriate Indians from Western organizations to their homeland (Saxenian, 2002) and organizational and cultural legacies particular to the Indian experience (Krishna, 2000, p. 5183).

Further, the emergence of outsourcing as an export industry has clearly become a priority for African nations; and South Africa remains a dominant player in this industry on the African continent (Abbott, 2013, p. 28) while North African countries are struggling to retain their former popularity due to business uncertainty arising from recent political upheaval in the region (*The Africa Report*, 2012). Call and contact centres are a very popular example of low-end business process outsourcing (BPO) work, which, it can be observed, is a mainstay in many African countries that are pursuing outsourcing as an industry (Imara Africa Securities Team, 2011). The Kenyan government, for example, lists business process outsourcing (BPO) as a major economic building block in their Vision 2030 (Kenya's Vision 2030, p.98).Boasting an improved IT infrastructure, political stability and English language capabilities, Kenya is hoping to become a major BPO hub (Manning, 2013).According to findings byMann, Graham and Friederic (2015, p.8)*,* an active BPO sector was found to exist in Kenya but not in Rwanda. However, Kenya's over a decade-old BPO sector has not been able to capture large amounts of work from foreign clients, falling far short of original hopes and expectations.

1.2.2 Theoretical background

The outsourcing phenomenon has been grounded in many theories, some of them complementary and others are contradictory (Perunovic & Pedersen, 2007, p.1). Various authors have identified significant numbers of theories that could explain the outsourcing phenomenon; but for the purposes of this study, the following theories were analysed; the transaction cost economics theory and the core competences theory.

According to Williamson (1998, p 27), the Transaction Cost Economics (TCE) approach to the boundary of the firm begins with a core technology: that the forward, backward or lateral integration sets the boundaries of the firm for each separate activity based on the relationship for

the activity to the core, the ensuing transaction costs and the costs of the accompanying social product. Transaction cost economics provides a conceptual explanation of the outsourcing phenomena and reasons for firms opting for the market mechanism even though on the face it appears that the difficulty of coordination and the threat of opportunism would have resulted in the organizational hierarchy being selected instead of the market mechanism (Micheal & Micheal, 2011, p.35).

The transaction cost economics theory was relevant to this study because it has been the most utilized theory of outsourcing, it was perceived to provide the best decision-making tools to help organizations decide to outsource and prepare themselves for forthcoming outsourcing arrangements, and it provided an explanation of contractual complexity (Perunovic & Pedersen, 2007, p.8).

The second theory that was analysed by the study was the Core competencies theory. Prahalad and Hamel (1990, p.79) define the core competencies theory as the collective earning in the organization, especially how to coordinate diverse production skills and integrate multiple streams technologies. The theory had been predominantly used to develop and test various outsourcing decision frameworks, arguing that the core activities shall remain in-house. Under this theory, the outsource providers' competencies are assumed to be one of the most important factors that influence the success of an outsourcing arrangement (Levina & Ross, 2003, p. 354).

Several researchers suggested that short-term success was a result of the price and the attributes of the products, while long-term competitiveness depended on the core competences, which stem from the organization's collective learning (Tomas & Victor, 2006, p.53). Addressing the outsourcing decision in a strategic way, based on resources and capabilities, means a deep understanding of the core competences on which organizations attempt to build their future

competitive advantage (Bettis, Bradley & Hamel, 1992, p.17). Within that perspective, the core competences approach is one of the most powerful frameworks to explain why companies turn to outsourcing (Gilley & Rasheed, 2000, p.787).

1.2.3 Conceptual background

The independent variable was outsourcing, taking the form of contracting, and the dependent variable was performance of the public institutions determined by institutional efficiency and effectiveness. According to Tomas and Victor (2006, p.52), outsourcing is a strategic decision that entails the external contracting of determined non-strategic activities or business processes necessary for the manufacture of goods or the provision of services by means of agreements or contracts with higher capability firms to undertake those activities or business processes, with the aim of improving competitive advantage. Dominic (2014, p.19) explains that contracting out typically involves a competitive bidding process in which requests for proposals are disseminated to eligible vendors. Proposals are then evaluated and a decision is made based on either a cost or 'best value' basis and contractor performance is then monitored Vis a Vis predetermined service goals (Schniederjans, Schniederjans & Schniederjans, 2005). Under contracting, there are a number of dimensions that explain the phenomenon of outsourcing. For this study, the dimensions used include Information Technology outsourcing, Human resource functions outsourcing and Facility management outsourcing.

There are factors or determinants of performance in public institutions and most studies grouped them into two categories, namely, efficiency and effectiveness. For this study, efficiency was measured in terms of operational costs, employee productivity, ability to work with given timeframes and innovativeness. Effectiveness was determined by the level of focus on core competencies of the institution, improved service quality and access to new technology or outside

expertise. An illustration of this relationship between the study variables is laid out in chapter two under Figure 1.

1.2.4 Contextual background

East African countries, including Uganda, are trying to create or expand business activities by adopting outsourcing strategies (Van der linden & Hengeveld, 2012, p.1). The Ministry of ICT in Uganda has given high priority to creating sound Business Process Outsourcing (BPO) policies in order to attract foreign investors. Furthermore, the Faculty of Computing and Information Technology at Makerere University in Kampala is focusing on more IT Outsourcing (ITO) projects for Uganda (Van der linden & Hengeveld, 2012, p.1).

According to the Uganda Business Process Outsourcing Association (UBPOA); as the services sector is becoming more competitive and globalized, organizations are looking to outsource their non-core functions in order to gain agility, efficiency, access to newer talent and markets and save costs. There are over 60 registered companies that are involved in BPO in Uganda and a business process outsourcing centre was launched in June 2015 (UBPOA, 2015).

According to the World Bank's NESAP-ICT project, the current global potential of ICT and ICT-enabled services outsourcing is estimated at USD 500 billion annually, of which less than USD 100 billion has so far been tapped and the potential is estimated to rise to USD 1.6 trillion by 2020 (Uganda Vision, 2040, p.57). Further, the Uganda Vision 2040 indicates that the government shall foster and support the BPO business activities by implementing necessary policies and developing the supporting regulatory framework to ensure that Uganda deepens and sustains the momentum of the BPO business interventions made so far. At the National Planning Authority, services/

functions usually outsourced include information technology, human resource and facility management (NPA Procurement Work Plan).

Outsourcing in Uganda is not yet a common combination, not only because little appears in the media, but also because Uganda is a developing country. Several factors are preventing Uganda from becoming a region to outsource to, but there is also potential (Van der linden & Hengeveld, 2012, p.7). These factors include but are not limited to: lack of policies on outsourcing that can provide a common guidance to all public institutions that adopt the outsourcing trend, different cultural setup and political instability (Van der linden & Hengeveld, 2012, p.7).

1.3 Statement of the problem

It is expected that contracting as a form of outsourcing should positively contribute to institutional performance (Dominic, 2014). Outsourcing should ideally reduce on the pressure of hiring and maintaining high-skilled human resource, to address the underperformance of employees, to deal with high staff turnovers, the lack of innovation among the employees and for the institution to concentrate on its core competences as well as a means to reduce costs among other reasons (Dominic, 2014, p.18) and should be great value to public institutions such as achieving best practice and improving the quality of the service as well as help senior managers focusing more clearly on the core competences of the organization (Kakabadse & Kakabadse, 2001, p. 406).

Despite the ideal expectations, it appears that outsourcing still faces operational challenges especially in the public institutions that have now embraced the trend. This is probably due to factors like: poor management of outsourcing contracts and resorting to outsourcing without a critical analysis of the same (Dominic, 2014, p.13). Dominic (2014) further argues that organizations resort to outsourcing mainly because it is the common trend without assessing the

cost benefit analysis; that parastatals and government institutions seem to blindly embrace the practice of outsourcing without a critical analysis of the same simply because it is working elsewhere. At the National Planning Authority (NPA) a lot of financial resources were used to train employees in specific fields like ICT and this stifled the institution's budget as reported in the NPA Annual Report (2015). It was noted that this stifle would have been avoided if such trainings had been substituted with hiring ICT experts to do the work the employees were being trained to do.

Following this assessment, it was clear there was lack of an understanding of outsourcing and its effect on performance of public institutions. Therefore this study was to establish the effects of outsourcing on the performance of public institutions with a view to making recommendations on how it can be effectively implemented and/or its effects mitigated.

1.4 General objective of the study

The general objective of the study was to establish how contracting as a form of outsourcing affected institutional performance at National Planning Authority, Uganda.

1.5 Specific objectives of the study

i. To establish the extent to which outsourcing of Information Technology functions affects institutional performance at National Planning Authority;

ii. To ascertain how outsourcing of Human resource functions affects institutional performance at National Planning Authority;

iii. To assess the effect of facility management outsourcing on institutional performance at National Planning Authority.

1.6 Research questions

The study attempted to answer the following research questions:

i.   To what extent does outsourcing of Information Technology functions affect institutional performance at National Planning Authority?

ii. How does outsourcing of Human resource functions affect institutional performance at National Planning Authority?

iii. How does facility management outsourcing affect institutional performance at National Planning Authority?

1.7 Research Hypotheses

The study sought to test the following hypotheses:

i.   There is a positive relationship between outsourcing of Information Technology functions and institutional performance at National Planning Authority.

ii. There is a positive relationship between outsourcing of Human resource functions and institutional performance at National Planning Authority.

iii. There is a positive relationship between facility management outsourcing and institutional performance at National Planning Authority.

1.8 Significance of the study

The results of this study will be of immense value to public institutions and regulators as it provides a picture of where public institutions stand in relation to the existing trend of outsourcing. Further, it provides evidence that will inform the formulation and adoption of an outsourcing policy at the National Planning Authority which may also be used in other public

institutions in Uganda. It will also contribute to enhancement of theory and knowledge on contracting in particular and outsourcing in general, more so in the context of Uganda's public institutions. The study further provides a deeper understanding of the phenomenon under study, builds more competence in research practice and also enables the researcher to earn an award of an Executive Master's in Business Administration (Project Planning and Management Option) from UTAMU. The result of this study will also serve as a data base for future researchers in this field of research as well as open up avenues for further research in this particular field.

1.9 Justification of the study

This study is justified on the premise that contracting as a form of outsourcing has become a trending phenomenon in Uganda's public institutions. It is currently used by various public institutions to deliver a wide array of products and services to boost organizational productivity. Different researchers have highlighted various effects of outsourcing on institutional performance in various jurisdictions (Child, 2005; Brown & Wilson, 2012; Dominic, 2014) but none have been done with regard to contracting as a form of outsourcing and its effect on the performance of public institutions in Uganda. Additionally, in a study based on Local Government Councils in England, Walker (2014) remarked that there is little robust evidence about outsourcing and contracting in public service. If such a situation is left unattended to, we run the risk of having no empirical references of Ugandan experiences, thus making development decisions on the basis of common sense, emotional appeal or on the basis of experiences from elsewhere that do not necessarily fit in Ugandan conditions. It is against this background that the researcher found it necessary to carry out a study on contracting as a form of outsourcing and analysed its effect on the performance of public institutions in Uganda, with the National Planning Authority as a case study.

1.10 Scope of the study

1.10.1 Content scope

The study was limited to the concept of contracting as a form of outsourcing which considered the aspects of Information Technology, Human Resource and Facility management outsourcing. Additionally, it also considered institutional performance which was tackled in the forms of efficiency and effectiveness.

1.10.2 Geographical scope

The study was conducted in Kampala where the case study - National Planning Authority is located. The institution was selected on the basis of proximity to the researcher and because of time essence and convenience.

1.10.3 Time scope

The study was based on the experiences of the respondents dating from 2013 to the current situation. This period was related to the current respondents and there was consistency in management approaches.

1.11 Operational Definitions

In this study the following terms are used with the following attendant definitions;

Authority: Refers to National Planning Authority- Uganda.

Contracting: Creating a legally binding agreement between two or more competent parties

Efficiency: Capability to accomplish with the least waste of time and effort.

Effectiveness: The capability of producing a desired result.

Innovation: Taking information from diverse sources and find patterns in that information which lead them to solve problems in a new way.

Outsourcing: Purchasing a function previously carried out within the company from an external supplier.

Outsource provider: The firm or individual providing outsourcing services. Service provider will be used interchangeably to refer to firms providing outsourcing services to the selected institution.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature that was accessed by the researcher on the subject. It focuses on the relevant theories advanced towards outsourcing, a conceptual review of outsourcing as well as contracting and the performance of public institutions. The chapter further covers a synthesis of the related literature as well as the research gaps.

2.2 Theoretical review

The outsourcing phenomenon has been grounded in many theories, some of them complementary and others contradictory (Perunovic & Pedersen, 2007, p 1). Various authors have identified significant numbers of theories that could explain the outsourcing phenomenon; however, this study was founded on two important theories namely; the transaction cost economics theory and the core competences theory. These were explained in detail as elaborated on below.

2.2.1 Transaction Cost Economics Theory (TCE)

According to the TCE theory as advanced by Williamson (1998. p.27), the Transaction Cost Economics (TCE) approach to the boundary of the firm begins with a core technology. This posits that the forward, backward or lateral integration sets the boundaries of the firm for each separate activity based on the relationship for the activity to the core, the ensuing transaction costs and the costs of the accompanying social product. Transaction cost economics provides a conceptual explanation of the outsourcing phenomena and reasons for firms opting for the market mechanism even though on the face it appears that the difficulty of coordination and the threat of opportunism

would have resulted in the organizational hierarchy being selected instead of the market mechanism (Micheal & Micheal, 2011, p.35).

In TCE, the classical view of the firm is that it essentially serves a production function within the market mechanism. Firms are an economic system, a "specialized market institution for collecting, collating and selling input information" (Alchian & Demestz, 1972, p.777). TCE views the firm as a type of governance structure that is an alternative to the market mechanism (Williamson, 1998, p.27). According to Michael and Michael (2011, p.36), one aspect of the transaction cost perspective is the social product that arises from deciding between the firm and market. Most of the focus in outsourcing under this theory is on the efficiency component of the decision and the costs of the social product are rarely examined if not considered at all. In short, TCE explains the negative consequences of outsourcing specific assets (Tomas & Victor, 2006, p.55).

Although the TCE theory has been exercised extensively in outsourcing applications, Lacity and Willcocks (1995) found that the original mapping to the TCE framework only explains few IT sourcing decisions and generates much more anomalies in their sample. Further, Perunovic and Pedersen (2007. p.10) found that TCE relies on a single transaction as a unit of analysis, neglecting the contemporary industrial collaborative arrangements and that it is static, which does not correspond to dynamism of the current business environment. TCE is incapable of recognizing the need for the firm to focus on its core competences and to conserve its strategic resources (Prahalad & Hamel, 1990, p.85), and so does not study the capabilities of the organization or its potential partners or suppliers when outsourcing decisions are analysed.

The Transaction cost economics theory was relevant to this study because it had been the most utilized theory of outsourcing. It was perceived to provide the best decision-making tools to help organizations decide to outsource and prepare themselves for forthcoming outsourcing

arrangements and it provided an explanation of contractual complexity (Perunovic & Pedersen, 2007, p.8).

2.2.2 Core competencies theory

Prahalad and Hamel (1990, p.79) advance the core competencies theory as the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams technologies. The concept has been predominantly used to develop and test various outsourcing decision frameworks, arguing that the core activities shall remain in-house. Under this theory, the outsource providers' competencies are assumed to be one of the most important factors that influence the success of an outsourcing arrangement (Levina & Ross, 2003, p 341). Within that perspective, the core competences approach is one of the most powerful frameworks to explain why companies turn to outsourcing (Gilley & Rasheed, 2000, p.777). This approach suggests that an organization should invest in those activities constituting core competences and outsource the rest (Prahalad & Hamel, 1990, p.86; Quinn & Hilmer, 1995, p.82; Quinn, 1999, p.26), since the former activities are those providing the organization's growth and direction (Peteraf, 1993, p.182).

Several researchers suggested that short-term success is a result of the price and the attributes of the products, while long-term competitiveness depends on the core competences, which stem from the organization's collective learning (Tomas & Victor, 2006, p.53). Addressing the outsourcing decision in a strategic way, based on resources and capabilities, means a deep understanding of the core competences, on which organizations attempt to build their future competitive advantage (Bettis, Bradley & Hamel, 1992, p.7).

Within that perspective, the core competences theory was relevant to this study because it is one of the most powerful frameworks to explain why companies turn to outsourcing (Gilley & Rasheed, 2000, p. 787) and it also proved that public institutions decided to outsource functions so they can be able to concentrate on their core competencies for improved service delivery.

2.3 Conceptual review

As already mentioned in Chapter One, this study highlights the study variables as well as illustrating the underlying relationships between the variables. The independent variable is outsourcing taking the form of contracting and the dependent variable is performance of the public institution determined by institutional efficiency and effectiveness.

According to Tomas and Victor (2006, p.52), outsourcing is a strategic decision that entails the external contracting of determined non-strategic activities or business processes necessary for the manufacture of goods or the provision of services by means of agreements or contracts with higher capability firms to undertake those activities or business processes, with the aim of improving competitive advantage. Dominic (2014, p.19) explains that contracting out typically involved a competitive bidding process in which requests for proposals are disseminated to eligible vendors. Proposals are then evaluated and a decision is made based on either a cost or "best value" basis which is followed by contractor performance monitoring and management Vis a Vis predetermined service goals (Schniederjans, Schniederjans & Schniederjans, 2005). Under contracting, there are a number of dimensions that explain the phenomenon of outsourcing, and for this study the dimensions used include Information Technology outsourcing, Human resource outsourcing and facility management outsourcing.

Kern & Willcocks (2000. p.322) define IT outsourcing as "a decision taken by an organization to contract out or sell the organizations IT assets, people and/or activities to a 3rd party supplier, who in exchange provides and manages assets and services for monetary returns over an agreed time period".

Under human resource functions, the International Association of Outsourcing Professionals (IAOP) (2010) defined outsourcing as the placing responsibility for various elements of the human resource function with a third-party provider. The services outsourced include recruitment, human resource, administration, assessment and outplacement, training and development, relocation and disability access services (Latham, Shaw, Chandler & Calleja, 2012).

Facility Management involved a number of outsourced activities and services as identified by Hsia (2011, p.10) who noted that, organizations' functions which are most commonly outsourced by UK organizations include cleaning, catering, security, transportation and building maintenance. Hsia (2011, p.10) also reiterated that there was nothing new about organizations subcontracting such functions to external providers.

There are factors or determinants of performance in public institutions and most studies group them into two categories, namely, efficiency and effectiveness. For purposes of this study, efficiency was measured in terms of operational costs, employee productivity, ability to deliver output in given timeframes and innovativeness. Effectiveness was determined by the level of focus on core competencies of the institution, improved service quality and access to new technology or outside expertise.

Figure 1 presents the Conceptual framework

CONCEPTUAL FRAMEWORK

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┌─────────────────────────┐                    ┌──────────────────────────────────┐
│ OUTSOURCING             │                    │ INSTITUTIONAL PERFORMANCE        │
└─────────────────────────┘                    └──────────────────────────────────┘

┌─────────────────────────┐
│ INFORMATION TECHNOLOGY  │
│ FUNCTIONS               │
│   • Data processing     │
│   • Systems integration │
│   • Programming         │
└─────────────────────────┘
                                               ┌──────────────────────────────────┐
┌─────────────────────────┐                    │                                  │
│ HUMAN RESOURCE FUNCTIONS│                    │   • EFFICIENCY                   │
│   • Staff augmentation  │───────────────────▶│   • EFFECTIVENESS                │
│   • Staff Welfare       │                    │                                  │
└─────────────────────────┘                    └──────────────────────────────────┘

┌─────────────────────────┐
│ FACILITY MANAGEMENT     │
│   • Immovable facilities│
│     management          │
│   • Movable facilities  │
│     management          │
└─────────────────────────┘
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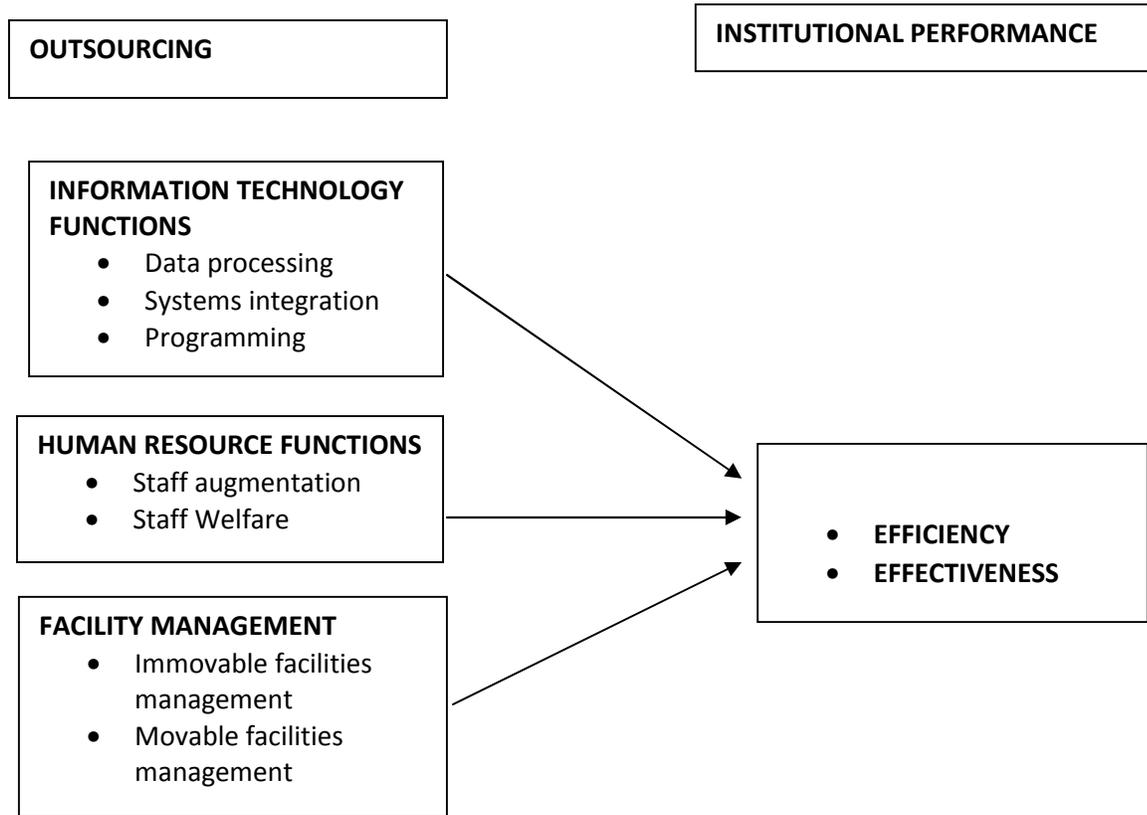
Figure 1: *Conceptual framework for the study on contracting as a form of outsourcing and its effect on the performance of public institutions was adapted from Dominic (2014), and modified by the researcher.*

2.3.1 Outsourcing

Schienederjans, Schienederjans and Schienederjans (2005, p.3) define outsourcing as "the procurement of goods or services from sources that are external to the organization" Mahmoodzadeh, Jalalinia & Yidzi (2009 p.845) maintain that outsourcing is where the outsourcing service provider provides the service in the performance of the contract and the workers typically work under the directions of outsourcing service provider management. Further, Blokdijk (2008, p.118) defines outsourcing as the process of "accomplishing things from outside that organization rather than delegating work to people inside."

The main purpose of outsourcing ss stated by Elmuti (2003, p.35) who notes that increasingly, managers are keen to focus their energies on their core business activities, that is, those activities which are the source of competitive advantage and which determine the success or failure of the organizations. There is thus a desire to minimise the amount of management time and effort which is spent carrying more marginal activities (Carbaugh, 2010, p.692). Outsourcing influences the resources allocated to business units as well as the level of vertical specialization of the firm's activities, both of which are corporate strategy (Quélin & Duhamel, 2003, p. 648). In that respect, strategic outsourcing modifies the firm's boundaries and so is also considered a business strategy (Insinga & Werle, 2000). Mahmoodzadeh, Jalalinia & Yidzi (2009, p. 847) suggest that labour outsourcing has been among the most significant transformations occurring in the organization of work across all the industrialized world.

According to Lawler (2003, p.32), researchers have identified several outsourcing issues, trends and strategies that companies take in establishing and effectively managing their outsourcing; that is, the trend is for outsourcing relationships to function more as partnerships. Outsourcing can take any of the following forms: Contracting out, Public – Private Partnerships, volunteering, load

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shedding, franchising and vouchers (Lawler, 2003, p.32). For the purposes of this study, outsourcing took the form of contracting out because it was the main form of outsourcing that was being embraced by public institutions in Uganda.

2.3.2 Contracting as a form of outsourcing

A contract is basically a voluntary, deliberate, and legally binding agreement between two or more competent parties. A contractual relationship is evidenced by (1) an offer, (2) acceptance of the offer, and a (3) valid (legal and valuable) consideration (Schwartz & Scott, 2003. p.2)

Bravard and Morgan, (2006 p.6) break down the key elements of outsourcing as: the *contracted* use and leverage of third-party resources, assets and skills; with guaranteed levels of quality, resilience and value to cost criteria and measurement; and, to deliver services previously provided in-house. Further, Dominic (2014. p.19) explains that contracting out typically involves a competitive bidding process in which requests for proposals are disseminated to eligible vendors. Proposals are then evaluated and a decision is made based on either a cost or "best value" basis and contractor performance is then monitored Vis a Vis the predetermined service goals (Schniederjans, Schienederjans & Schienederjans, 2005). Lientz & Rea (2012, p. 321) have observed that governments and public institutions require contractor registration prior to bidding while others independently select potential contractors based on experience and reputation. In line with this, it is crucial for the development of contractor evaluation criteria which reflects what is truly important to the outsourcing entity. This would ensure that the outsourcing entity was competitive and dealt with implementation concerns on economic entity functioning in business environment (Nalepka & Ujwary-Gil, 2011).

For the purposes of this study, contracting took the following forms: outsourcing of Information Technology functions, human resource functions and facility management services.

2.3.2.1 Outsourcing of Information Technology functions

Lawrence & Venkatraman, (1992, p.8) define IT outsourcing as the significant contribution by external vendors in the physical and/or human resources associated with the entire or specific components of the IT infrastructure in the user organization. Further, Kern & Willcocks (2000, p. 322) define IT outsourcing as "a decision taken by an organization to contract out or sell the organizations IT assets, people and/or activities to a 3rd party supplier, who in exchange provides and manages assets and services for monetary returns over an agreed time period". IT modes that are commonly outsourced by institutions include data processing, systems integration, system design/ planning, telecommunication or network and application development (Kerns & Willcocks, 2000, p.322).

Under IT contractual arrangements popularly termed "outsourcing," firms are increasingly shifting specific components of their IT infrastructure away from a "hierarchical" mode toward a "market" mode of governance (Lawrence & Venkatraman, 1992, p.10). The well-publicized decision by Eastman Kodak to hand over its entire data centre to IBM, its microcomputer operations to Business land, and its telecommunications and data networks to Digital Equipment Corporation and IBM is a classic illustration (Lawrence & Venkatraman, 1992, p.11).

Overall, studies in the area of outsourcing supported the notion that IT was the most outsourced function. Weinert & Meyer (2005. p.1) note that the fact that IT is complex and affects all activities within an organisation makes it one of the most important activities outsourced. Lacity & Willcocks (1995. p.226) note that IT changes rapidly and switching costs to new technologies or

suppliers can be high because IT demands high investment costs. They suggest this makes IT outsourcing unique compared to the outsourcing of other activities.

2.3.2.2 Outsourcing of Human Resource functions

Under human resource functions, the international Association of Outsourcing Professionals (IAOP, (2010) defines outsourcing as the placing responsibility for various elements of the human resource function with a third-party provider. Latham, Shaw, Chandler & Calleja (2012) provided a practical example of the human resource outsourcing deal between the BBC and Capital, the deal was worth $100m and involved the transfer of around 260 staff from BBC to Capital and was expected to save BBC $50m. From this deal, the services outsourced included recruitment, human resource, administration, assessment and outplacement, training and development, relocation and disability access services. In this study outsourcing of human resource functions comprised strategies such as staff augmentation and outsourcing of staff welfare incentives.

The strategy of staff augmentation in this study referred to staffing of a project and responding to business objectives. The technique of staff augmentation consists of evaluating the existing staff and then determining which additional skills are required. The goal of the exercise is to handle staffing requirements with an existing set of talent. According to an IT staff augmentation services forecast for 2004-2010, it was noted that North American end-user spending on IT staff augmentation services will grow at a 6.9% compound annual growth rate through 2010. The market will reach $45 billion in 2010, experiencing positive growth within every market segment. It has been estimated that staff augmentation as an industry will reach $45 billion in 2015 (McNeil, 2005, p.41). McNeill (2005, p.41) further notes that IT staff augmentation services entail allocation of dedicated technical resources, usually offshore, hired as overseas development extensions of in-house application development teams on fixed or flexible terms and conditions.

Schlais (2011, p.541) notes that by properly using IT staff augmentation, you can guarantee that you are equipped with the best staff in the industry primed to achieve project goals. What is the point of paying for extra employees year round if you only need them for a very short time? With IT staff augmentation, you are paying for the work you need, when you need it and only for the right skills at the right times. By not paying full-time wages year-round, you are saving a great deal of money in both the short and long term (Schlais, 2011, p.541).

Under staff welfare, this study focused on the outsourcing of different activities/ incentives to improve the wellbeing of an institution's staff. This comprised outsourcing health care insurance, outsourcing of catering services and transport incentives such as fuel among others.

2.3.2.3 Outsourcing of Facilities Management Services

Facility Management services involved a number of outsourced activities and services as identified by Hsia (2011, p.10) who noted that organizations' functions which are most commonly outsourced by UK organizations include cleaning, catering, security, transportation and building maintenance. Hsia (2011 p.10) also reiterated that there is nothing new about organizations subcontracting such functions to external providers.

In this study, facility management was grouped into two categories that is, movable and immovable facility management. Movable facility management comprised outsourcing of activities to manage or maintain an institutions movable facilities such as vehicle fleet, while immovable facility management comprised outsourcing of activities to manage or maintain an institution's immovable facilities like reconstruction/ renovation of office building, cleaning services and office remodelling, among others.

2.3.3 Institutional Performance

There are factors or determinants of performance in public institutions and most studies grouped them into two categories, namely efficiency and effectiveness. According to Brown & Wilson (2012), in large organizations, outsourcing has been used to bring different parts of the organization together to reduce costs, apply common standards and share best practices and to provide access to innovative IT solutions. Efficiency in outsourcing is the platform that allows small companies to compete with big ones because firms can engage in conducting their business functions while effectiveness generally refers to the capability of producing a desired result (Griffin, 2012, p.643).

For the purposes of this study, efficiency was measured in terms of operational costs, employee productivity, ability to deliver output in given timeframes and innovativeness, while effectiveness was determined by improved service delivery and quality, responsiveness to clients' needs and ability to focus on core competences.

2.4 Relationship between contracting as a form of outsourcing and performance of public institutions

It has been noted that outsourcing offers numerous advantages and the potential benefits include cost savings, efficiency gains, improved flexibility, access to world-class expertise and focus on core competences (Lacity & Willcocks, 1995, p.211). However, outsourcing also poses numerous risks that must be managed in order for outsourcing to be successful (Kremic, 2006. p.467).

The relationship between contracting as a form of outsourcing and performance of public institutions was determined by the different activities usually outsourced by public institutions and the effect of such activities on the day to day running of the institution as expounded upon below.

2.4.1 Outsourcing IT functions and performance of public institutions

The public sector has followed the trend set by the private sector and IT outsourcing is now one of the most important outsourced activities that by "1996 had led to contracts worth £2 billion" (Lacity & Willcocks, 1997, p.85). According to Arnold (2000. p.27) there are over 36.3% of companies with outsourcing experience in the area of Information technology and the fact that IT is complex and affects all activities within an organisation makes it one of the most important activities outsourced (Weinert & Meyer, 2005, p.1).

As the information system outsourcing market had matured, IT outsourcing was perceived as one way to increase business operations (Bergkvist, 2009, p.1). Outsourcing of Information Systems or technology is today a commonly accepted and growing practice that is continually evolving (Hirschheim, 2006, p.694). The desire to reduce costs is often an initial driver for IT outsourcing, but during the IT outsourcing process, increased quality and shorter development times are perceived as important (Davis et al., 2006. p.772). This was supported by a survey by Domberger & Fernandez (1999), cited by Kremic (2006. p.469), which showed that IT outsourcing resulted in an average 9% increase in costs.However,studies have revealed that the extent of savings varied widely, and that in some instances, there was evidence of cost increases following outsourcing (Oshri, Kotlarsky &Willcocks, 2011). No useful 'rule of thumb' existed on the size of the probable impact of outsourcing on the costs of delivery but rather, it appeared each instance contained its own unique characteristics which influenced its success or otherwise (in cost terms) (Oshri et al., 2011).

Corbett (2004, p.13) also noted that outsourcing allowed firms to transfer their fixed costs, such as factories and staff, into variable costs. According to Chen & Perry (2003, p.11) "changing the cost structure of IT would become a business imperative" in the coming years. This would allow firms

to pass the risk of upgrading technology to their provider and allowed them to respond more quickly to changing needs and prevented them from getting locked into technology (Chen & Perry, 2003, p.11). This was particularly important with IT because it required high capital costs.

Outsourcing also enabled firms to select and utilise the best expertise in the industry. A firm would benefit in IT where they may be unable to develop the capabilities to do the activity themselves, due to its increasing complexity (Vilvovsky, 2008. p.338). Further, outsourcing has provided long term effects on innovations, that is, competitive advantage as institutions turn more on innovation than on labour costs; hence management should also focus on infusing innovative atmosphere as they continue to outsource (Hodge, 1999, p. 889).

According to Barthelemy (2003, p.7), it is widely accepted that innovation is a primary source of productive growth. The atmosphere established by leadership that is committed to the pursuit of new ideas and the encouragement of individuals to set loose their creative juices, that is, if a person believed that the climate was open and that their input was valuable, then they were more likely to use their capabilities to innovate (Karen & Roy, 2004, p.146). Elmuti (2003, p.35) argued that organizational innovations can increase the quality and efficiency of work and improve the information sharing and the ability of the organization to use new technologies, as such increasing the productivity of investment in knowledge. Hill and Jones, (2012) also argued that creative individuals take information from diverse sources and find patterns in that information which lead them to solve problems in a new way.

Weinert & Meyer (2005, p.1) observed that IT was more complicated than other support functions and therefore still required management after outsourcing to ensure it was integrated with other departments. Lacity and Willcocks (1995, p.226) noted that IT changes rapidly and switching costs to new technologies or suppliers can be high because IT demands high investment costs.

They suggested this made IT outsourcing unique compared to the outsourcing of other activities. This would have implications for how IT outsourcing is conducted and managed. Lacity and Hirschheim (1993, p. 260) concluded that IT was more complicated than other support functions that are traditionally outsourced, and therefore it takes longer than anticipated managing the contract and dealing with problems, thus resulting in less time to focus on strategy.

2.4.2 Outsourcing human resource functions and performance of public institutions

Under human resource functions, outsourcing involved placing responsibility for various elements of the human resource function with a third-party provider (IAOP, 2010). According to Beulen, Ribbers & Roos (2012, p.218), the drivers for human resources are frequently quoted as reducing costs and improving service delivery, and outsourcing appears to encourage the measurement on the value of human resources.

The Centre for Research in Innovation and Competition at the University of Manchester, for instance, argues that firms, even large multinational corporations, can no longer expect to be totally dependent on their in-house research and technology resources to maintain innovative performance, hence the need for labour outsourcing (Barthelemy, 2003, p.8).

Outsourcing also gives a structured approach to the whole process of recruitment, with the ultimate power of decision making on recruitment with the organization itself (Griffin & Moorhead, 2010, p. 457). The portion of the recruitment cycle that is outsourced ranges from preparing job descriptions to arranging interviews, the activities that consume almost 70 per cent of the time of the whole recruitment (Griffin & Moorhead, 2010, p.458). According to Contractor, Kumar, Kundu & Pedersen (2010, p.1422), outsourcing the recruitment processes for a sector like

BPO which faces an attrition of almost 50-60 per cent, can help the companies in BPO sector to save costs tremendously and focus on other issues like retention.

Beulen et al. (2012, p.218) argue that outsourcing is precipitated by the need for service-level improvements which are promoted by the agreement between the service provider and the outsourcing organization on the service-level agreements and key performance indicators with a greater focus on customer satisfaction, thereby improving service delivery.

With regard to staff augmentation, outsourcing reduced project commencement times. According to Sople (2009, p.165) contractors are on hand right away and the recruitment process for a temporary worker is significantly different to that of an in-house employee. It can take months to hire an employee and you may have to train them which takes a lot of time; yet with the temporary worker, recruitment can be fast and the project can literally commence within a matter of hours (Sople, 2009). Further, Griffin (2012 p. 645) argues that outsourcing can be utilized only when needed at peak periods. Temporary workers can be sourced at the busiest times in the business and there is no commitment required by the organization if the slow season arrives or a slump occurs. In this respect, the outsourcing to temporary employees offers significant flexibility (Griffin, 2012 p.645).

Elmuti and Kathawala (2000, p.118) argue that outsourcing provides institutions with opportunities to add more experts to their resource pool, hence chances of increasing innovative performance may improve. As new people are added to the mix of problem solvers, institutions can benefit from their fresh perspective and ties to a new common goal and it is this promise that drives creation of innovative networks (Elmuti & Kathawala, 2000, p.118).

Although long-term effects of extensive outsourcing of labour on innovation are not known, certain factors that have been important to innovation in the past are affected when the backdrop of outsourcing is imposed, hence management need to understand these factors and monitor the effects of changes in the business culture of innovation; and to maintain vibrant innovative climate, leaders need to focus on ways of reinforcing innovator confidence while labour outsourcing continues. (Karen & Roy, 2004, p.143).

2.4.3 Outsourcing facility management services and performance of public institutions

Facility Management involves a number of outsourced activities and services as identified by Hsia (2011, p.10) who notes that organizations' functions which are most commonly outsourced by UK organizations include cleaning, catering, security, transportation and building maintenance.

According to Griffin & Moorhead (2010, p.458), outsourcing is a viable option to any company because it takes away attention from dealing with other aspects of the business that have nothing to do with the core business functions of a company. Hill & Jones (2012) note that outsourcing enables the human resource professionals of organizations to focus on the core and other human resource strategic issues; since a company is concentrating on their core business functions while other companies deal with other aspects, then chances are that productivity will be heightened and the level of quality emanating from such a business enterprise will increase.Elmuti (2003, p.35) adds that, increasingly, managers are keen to focus their energies on their core business activities, that is, those activities which are the source of competitive advantage and which determine the success or failure of the organizations. There is thus a desire to minimise the amount of management time and effort which is spent carrying more marginal activities (Carbaugh, 2010, p. 691).

Numerous studies have been conducted to analyse whether outsourcing facility management activities achieved reductions in the expenditure of public institutions. The most commonly studied industries have been the cleaning and refuse collection industries mainly because the outputs are relatively easy to measure (Edwards & Stevens, 1978; Reeves & Barrow, 2000; Dijkgraaaf & Gradus, 2007). Other studies have addressed the issue in industries such as maintenance services by Blom-Hansen (2003), and fire protection services by Ahlbrandt (1973). Most of the studies have found evidence of expenditure reductions, and some have demonstrated that expenditure has increased or that the magnitude of savings has been overstated (Holcombe, 1991; Woodland, Swords & Hall, 1995). For example, in a study by Domberger, Meadowcroft & Thompson, (1986) controlled for 12 service characteristics including collection method, frequency of collection, volume of refuse collected and wages, the results showed that local authorities that had put refuse collection to tender and awarded a contract to a private operator achieved savings of 22% on average. Local governments that awarded the contract to the in-house team also achieved cost savings of around 17 per cent, which indicated that competition played an important role in the determination of expenditure reductions. Subsequent work by Szymanski and Wilkins (1993, pp.109-130) using the same data set confirmed these findings.

Outsourcing facility management services was also found to have saved time, allowing employee productivity. Contractor, Kumar, Kundu & Pedersen (2010, p.1422) observed that employee productivity usually involved the amount of time taken to deliver output when outsourcing vis a vis using in-house resources as well as greater control over the amount of time the institution would have used to employ or recruit workers and actual or perceived risks of recruiting and laying off some staff were transferred to either the labour hire agency or the worker. Hill & Jones (2012) further observed that the overall effect of an outsourcing approach is that many persons

may now have the opportunity to improve their business values. This then gives them a platform for improving their business sizes. Outsourcing was also chosen by many enterprises because through this business approach, it was possible to save on valuable time and usually, companies that outsource could make faster deliveries to their respective consumers (King 2002).

2.5 Empirical studies on outsourcing and the performance of public institutions

Brown and Wilson (2012, p. 123) identified a wide range of benefits from outsourcing such as allowing a firm to concentrate on its core business, gaining from the specialist supplier's economies of scale and learning from them, shifting the burden of risk and enabling greater numerical flexibility, and the ability to keep costs down due to competitive tendering processes.

Child (2005. p.187) stated that outsourcing offered "significant, often immediate cost savings" and Corbett (2004, p.11) highlighted results from the 2004 outsourcing world summit, which showed that 50 per cent of executive respondents cited cost savings as the primary goal of outsourcing. This was the initial focus of outsourcing tenders within the public sector as the government sought to reduce costs. Domberger and Jensen (1997, p.68) argued that there was "substantial evidence" that governments had saved money by contracting out. According to Kremic (2006, p.468), cost reductions can only be achieved if the provider has access to economies of scale or can achieve increased efficiency through specialization. However, Jansen and Stonecash (2004, p.6) contended that the empirical evidence does not support the view that "public sector organisations are intrinsically less efficient". Indeed, Que´Lin and Duhamel (2003, p.648) believed that if outsourcing was simply a cost-cutting exercise then internal reorganization may be more efficient.

Other opponents argued that any savings achieved by outsourcing would be transitory; that outsourcing adversely affected workers' terms and conditions of employment and that outsourcing

may lead to a reduction in the quality of service provision (Hart, Shleifer & Vishny, 1997, p.1134). This raised the possibility that the claimed efficiency gains associated with outsourcing were illusory. If observed expenditure reductions were achieved through a reduction in workers' real wages, outsourcing represented a transfer of economic rent from workers to managers rather than an efficiency gain. In this instance, it was not clear that outsourcing resulted in a net social benefit (Quiggin, 1994, p.98).

Overall, the studies on this subject supported the conclusion that outsourcing resulted in reductions in government expenditure. They concluded that no useful rule of thumb existed on the size of the probable impact of outsourcing on the costs of delivery. Rather it appeared each instance contained its own unique characteristics which influenced its success or otherwise (in cost terms) (Oshri, Kotlarsky & Willcocks 2011).

2.6 Synthesis of the literature review and research gaps

In Uganda, it was noted that despite the advantages that come with using agents, there were a number of challenges as well: there was lack of overall control by the procuring entity which may lead to project mismanagement and delays in delivery. There was also lack of clear knowledge about the objectives and core values of the procuring entity which made the agent front his or her organization's core values. Hiring agents led to low transparency and accountability and exposed the company to outsiders which discouraged privacy. Suppliers usually hired agents to allow a transaction that is done at arm's length because having a buyer attend negotiations sometimes created uncomfortable situations for both parties (*Daily Monitor*, 2015, p.28).

Further, despite all this research from other jurisdictions, there was a research gap on the topic of contracting as a form of outsourcing in Uganda especially in public institutions. Despite all the

relevant articles and associated conference papers, the outsourcing strategy remained a major source of frustration for managers in public institutions in Uganda. In this regard, this study sought to cover this gap. Therefore, the results of this study provide support to the effect of contracting as a form of outsourcing on the performance of public institutions in Uganda.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was adopted and used during this study. It describes the research design, the study population, the sampling techniques and procedures, data collection methods, data collection instruments, validity and reliability, procedure for data collection, data analysis and measurement of variables.

3.2 Research design

A research design is a procedural plan that is adopted by the researcher to answer research questions objectively, accurately and economically (Kumar, 1996, p. 74). This study was a cross-sectional survey and it adopted a mixed methods approach. A cross-sectional survey predominantly uses questionnaires or structured interviews for data collection with the intent of generalizing from a sample to a population (Creswell, 2003, p.12) and under the aspect of mixed methods, the researcher combined quantitative and qualitative research techniques and methods to provide the best understanding of the research problem (Creswell, 2003, p.12). Amin, (2005) stated that quantitative designs are plans for carrying out research oriented towards quantification and are applied in order to describe current conditions or to investigate relationships including cause and effect relationships. On the other hand, qualitative approaches involved an in-depth probe and application of subjectively interpreted data.

3.3 Population of the study

According to Ngechu (2004), a population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated to generalize the results. This study took place at National Planning Authority which is one of the public institutions in Uganda. The population of the study was 87 employees of the National Planning Authority, according to the updated staff list for the year 2016.

3.4 Sampling

A sample is a subset of a population selected to represent characteristics of a population (Nesbary, 2000, p.372). An optimum sample is one which fulfils the requirements of efficiency, representativeness, reliability and flexibility (Kothari, 2004, p.57). Amin (2005, p.238) emphasized that a researcher must determine the sample size that will provide sufficient data to answer the research problem. The study on contracting as a form of outsourcing and institutional performance at the Authority in Uganda was conducted on a representative sample of 71 respondents in line with the Sampling table of Krejcie & Morgan (1970).

3.5 Sampling Techniques and Procedure

The researcher employed two strategies of sampling, namely: simple random sampling and purposive sampling to enrol respondents for the study. Simple random sampling has been defined as a strategy where all units of the sampling frame have equal chances of being chosen as representatives (Kothari, 2004; Amin, 2005). According to Oso & Onen (2008, p.1), simple random sampling ensures that every member of the target population has an equal and independent chance of being included in the sample. Additionally and importantly, the researcher

employed the "sampling without replacement" approach to ensure that no sampled unit was sampled for any other time.

Purposive sampling is the deliberate selection of particular units of the population for constituting a sample which represents the universe (Kothari, 2004, p.15). Purposive sampling was used particularly to sample top managers, senior officers, procurement officers and technical employees at National Planning Authority because they were deemed capable of providing more reliable and focused information.

3.6 Data Collection Methods

According to Kothari (2004. p.95), data collection methods are specific approaches that will be applied to obtain information on the research problem. This study used two data collection methods, that is, both primary and secondary data collection methods.

Primary data is the information collected afresh and for the first time, and thus happens to be original in character (Kothari, 2004. p.95). Primary sources of data were Board members, managers, senior officers, procurement officers and technical employees at National Planning Authority who filled in questionnaires. Other methods that were employed to collect primary data included observation and conducting interviews following established academic procedures as proposed by Nunnally & Bernstein (1994).

3.7 Data collection instruments

A data collection instrument is a tool that a researcher designs and uses to collect data for a study (Amin, 2005, p.261). The study made use of a survey questionnaire and key informant interview guide.

A questionnaire is a form consisting of interrelated questions prepared by the researcher about the research problem under investigation based on the objectives of the study (Amin, 2005, p.269). A questionnaire was used because it allowed in-depth research, to gain first-hand information and more experience over a short period of time (Kothari, 2004; Amin, 2005; Creswell, 2003). It also increased the degree of reliability due to the many items in it and it as well enhanced the chances of getting valid data (Amin, 2005 p.269). The questionnaire consisted of both closed and open-ended questions. Quantitative data was obtained by closed-ended questions while qualitative data was obtained by open-ended questions.

An interview guide is a qualitative, in-depth interviews of people selected for their first-hand knowledge about a topic of interest (Kumar, 2006 p.134). Interviews were used because they had the advantage of ensuring probing for more information, clarification and capturing facial expression of the interviewees (Amin, 2005, p.271). The reason for using this instrument was to collect information that could not be directly observed or difficult to put down in writing and to capture meanings beyond words (Amin, 2005, p.271).

3.8 Data Quality Management

It was important to emphasize quality of data in research. To this effect, the researcher aimed at satisfying critical conditions of this requirement by ensuring validity and reliability as explained below.

3.8.1 Validity

Validity concerns the degree to which a finding is judged to have been interpreted in a correct way (Brinberg & McGrath, 1985, p.394). It is concerned with ensuring that the tools used in a study are well designed to ensure that they actually measure what they are meant to. The researcher

employed the Content Validity Index (CVI) approach to establish validity of the draft interview guide and the draft questionnaire where both tools were distributed to 7 subject matter specialists to make an assessment on each question therein and declare their individual stand on whether each question individually merited to be either maintained on the tools, improved upon or altogether dropped. The CVI formula was as follows;

$$CVI = \frac{\textit{Number of items considered valid on the draft}}{\textit{Number of items on the draft instruments.}}$$

As a rule of research methodology, the researcher aimed at a CVI of at least 0.7 in accordance with Amin (2005). Using the above formula, the researcher ensured that only questions that had been accepted as valid by a minimum of five specialists were considered and a question with less was dropped as shown below.

$$CVI = \frac{32}{45}$$

$$CVI = 0.711$$

The above results showed that the initial tool had 45 questions and only 32 were accepted as valid, making a CVI of 0.711 which was acceptable.

3.8.2 Reliability

According to Brinberg and McGrath (1985, p.394) reliability concerns the ability of different researchers to make the same observations of a given phenomenon if and when the observation is conducted using the same method(s) and procedure(s). In this study, reliability was ensured through standardizing data collection techniques and protocols and also documenting time, day

and place observations. First, the researcher used the Statistical Package for Social Scientists (SPSS) to compute the Cronbach Alpha Coefficient. The formula for Cronbach's Alpha used was as follows:

$$\text{Cronbach's alpha} = \left[\frac{n}{n\text{-}1}\right] \left[\frac{SD^2 - \sum Variance}{SD^2}\right]$$

Where: n=   Number of items on the test

SD = The Standard Deviation for the set of test scores, and

Variance = Summation of the variances of the scores for each of individual item on the test.

Table 3.1: Cronbach's Alpha

Variable	Alpha	No. of Questions
Outsourcing IT Functions	0.703	7
Outsourcing Human Resource Functions	0.673	5
Outsourcing Facility Management Services.	0.716	5
IV4	0.737	5
Efficiency	0.724	5
Effectiveness	0.724	5
Overall	**0.713**	**32**

Source: Primary Data 2016

Table 3.1 above showed that the Cronbach Alpha Coefficient was 0.713 having been tested on 32 items on the questionnaire. This result satisfied the research methodology rule to ensure a Cronbach Alpha Coefficient of at least 0.7. This therefore meant that the data used for the study was reliable.

To ensure the reliability of the data collection instruments (questionnaire and interview guide), the test-retest technique was also applied where the instruments were applied on ten respondents and then re-applied on the same ten respondents in a space of fifteen days to see if they would be able to give similar responses and thus test the reliability of the instruments

3.9 Procedure for data collection

The researcher collected primary data by administering questionnaires. The questionnaires were distributed to the respondents and a duration of two weeks was given to the respondents to fill the questionnaire. Follow-ups were made to ensure high response rate was recorded. To effectively carry out interviews, the researcher booked appointments and carried out face-to-face interviews with the selected key informants. The interviews were carried out with the help of an interview guide. At all times, the researcher ensured that interviews and delivery of questionnaires was done at times that did not interfere with the official work schedules of respondents; and where they conflicted, the researcher sought special permission from the management of the Authority.

3.10 Data Analysis

Data Analysis is the process of creating order and systematic flow in the data that has been collected for the study in order to make sensible interpretations, discussion and recommendations (Kothari, 2004, p.98). The study adopted both qualitative and quantitative data analysis procedures and techniques. Qualitative data was analysed using the thematic analysis approach. Thematic analysis approach is a qualitative analytic method for: 'identifying, analysing and reporting patterns (themes) within data. It minimally organises and describes one's data set in (rich) detail (Braun & Clarke, 2006, p.79). Such a qualitative approach was adopted because it was the most

suitable for analysing qualitative responses to open-ended questions on surveys and interviews and was presented in form of narratives.

Analysis of quantitative data from the questionnaire involved coding, data entry and cleaning to ensure that data was comprehensively captured in the data base which was followed by preliminary analysis to ensure completeness to be finally followed by thorough analysis in line with statistical rules and commands as well as measures like the mean, mode, standard deviation, correlation and regression coefficients. The measurement of correlation coefficients supported the researcher to establish the existence or lack of existence of a relationship as well as the strength of each dimension of the independent variable (Outsourcing) with the dependent variable (Institutional performance) while the regression coefficients assisted the researcher in establishing the actual statistical contribution of each of the dimensions of the independent variable to the dependent variable. This was done following the order of the study objectives, questions and hypotheses. In all this, the researcher made use of the Statistical Package for the Social Sciences (SPSS).

3.11 Measurement of Variables

The data on variables was measured at two levels, namely, univariate and bivariate. The univariate level considered measurement and analysis of data at individual variable basis where the researcher used measures of the mean, mode and frequencies. At the bivariate level, the researcher concurrently considered two variables using the Statistical Package for the Social Sciences (SPSS) to compute variable aggregates as well as the regression coefficients.

Further, the questionnaire was constructed using a five-point Likert scale, that is: 1-strongly agree, 2-agree, 3-not sure, 4- disagree and 5-strongly disagree. According to Amin (2005, p.270), the

Likert scale is able to measure perception, attitudes, values and behaviour of individuals towards a given phenomenon. Therefore, the choice of this measurement was that each point on the scale carried a numerical score which was used in the study of social attitude.

3.12 Ethical Considerations

The researcher tried to ensure professionalism, scientific objectivity and that none of the respondents suffered from any adverse consequences as a result of the study. To this end, the researcher carefully observed the following during the course of the study:

i. Compliance with UTAMU graduate research guidelines and constantly seeking the guidance of the supervisor;

ii. Explaining the purpose and objectives of the study to each sampled respondent before each interview and as was detailed on the introduction section of the questionnaire;

iii. Respecting respondents and ensuring that appointments would be fixed for the times that they would individually feel appropriate;

iv. Guaranteeing confidentiality through ensuring that no respondent's name was required to be noted anywhere on the questionnaire or during any interview or require any of them to overtly identify themselves;

v. The researcher ensured sticking to and presenting the true findings of the study the way they came out as well as acknowledging all authorities whose literature was used and referred to.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

The chapter presents the findings and results on the data collected using the questionnaire and the key informant interview guide. Different statistical techniques were applied to provide answers to the research questions by investigating, interpreting and bringing forth implications drawn from the findings.

4.2 Response Rate

The study targeted a sample of 71 respondents but managed to obtain responses from 48 of them, thus representing a 67.6% response rate as shown in Table 4.1.

Table 4. 1: Response Rate

Response	Frequency
Questionnaires issued	71
Questionnaires Returned	48 (67.6%)
Questionnaires Not returned	23 (32.4%)

Source: Primary data 2016

This response rate was considered adequate for analysis and making conclusions for the study. Mugenda and Mugenda (2003) recommends a response rate of 50% based on the rule of thumb. Therefore this study considered the response rate of 67.6% adequate for analysis, interpretation and generalization since it exceeded the minimum recommended.

4.3 Respondents' Background Information

The demographic characteristics of the respondents were of importance in this study. These included the level of employment, the period of employment and participation in any outsourcing activity. The findings are presented below.

4.3.1 Level of employment

It was important to determine the respondents' level of employment. This was meant to ascertain their involvement in the area of study. The findings were as in the table below.

Table 4. 2: Level of employment

		Frequency	Percent
	Board Member	2	4.1
	Manager	12	25.0
	Senior Officer	15	31.3
Valid	Officer	10	20.8
	Assistant Officer	9	18.8
	Total	48	100.0

Source: Primary data 2016

Study findings presented in Table 4.2 above showed that the majority of the respondents (31.3%) held positions as Senior officers, Managers followed with a response of 25%, Officers were 20.8% while the Assistant officers were 18.8% and the Board members were 4.1%. This meant that most of the respondents were in positions that made them actively participate in the processes under study and would thus provide meaningful, valid and reliable information for the study.

4.3.2 Period of employment

It was also important to determine the period in which the respondents had held the positions at the Authority. This was meant to help the researcher ascertain their familiarity and consistency with the management approaches.

Table 4. 3: Period of employment

		Frequency	Percent
	Less than 5 years	19	39.6
Valid	5 years and more	29	60.4
	Total	48	100.0

Source: Primary data 2016.

Study findings presented in Table 4.3 above showed that 60.4% of the respondents had held their current positions for a period of five and more years and 39.6% had held their current positions for a period of less than five years. These findings proved that the majority of the respondents (60.4%) had been at the institution for five and more years; therefore they were familiar with the management approaches at the Authority.

4.3.3 Participation in outsourcing activities

It was also important to determine if the respondents had participated in any outsourcing activity to ascertain their knowledge of and experience in the area of study.

Table 4. 4: Participation in outsourcing activities

		Frequency	Percent
	Yes	36	75.0
Valid	No	12	25.0
	Total	48	100.0

Source: Primary data, 2016.

Study findings presented in Table 4.4 above showed that 75% of the respondents had participated in outsourcing activities and 25% had not participated in any outsourcing activity. These results proved that majority of the respondents had sufficient knowledge of and experience in the area of outsourcing since they had participated in it.

4.4 Outsourced activities

For this study, outsourcing took the form of contracting out because it was the main form of outsourcing being embraced by public institutions in Uganda. Further, contracting focused on three main functions that is IT functions / services, human resource functions and facility management services with a view of establishing the extent to which public institutions contracted such functions as a way of outsourcing.

4.4.1 Descriptive findings on outsourced activities

To do this, a number of statements were provided for the respondents to rate the extent to which the Authority outsourced IT functions, human resource functions and facility management services. The Likert scale was used to get the desired responses for each individual statement thus: (SA= Strongly Agree, A= Agree, NS= Not Sure, DA= Disagree, SDA= Strongly Disagree). The findings are presented in Table 4.5 below:

Table 4. 5: Outsourced activities at NPA

	SA	A	NS	DA	SDA	Mean	St. Dev
The organization outsources data processing services	5	20	14	7	2	2.60	1.005
Programming is a common outsourced service within the organization	6	9	7	14	12	3.35	1.376
The organization outsources systems integration services	14	16	13	15	0	2.40	1.216
The organization staffs projects with outsourced human resource	29	9	0	7	3	2.71	6.223

The organization outsources welfare services to improve the wellbeing of the staff	33	15	0	0	0	1.31	0.468
The organization outsources services to maintain its facilities both movable and immovable	34	8	0	6	0	1.54	1.010
The institution heavily relies on outsourcing facility management services	38	6	2	2	0	1.33	0.753
Valid N (list wise) = 48							

Source: Primary Data, 2016

The respondents were asked whether the organization outsourced data processing services and most of them gave a rating of 41.7% (20) for Agree followed by a 29.2% (14) of the respondents who were not sure, 14.6% (7) of the respondents disagreed, and those that strongly agreed were 10.4% (5) while those who strongly disagreed were 4.2% (2). The resulting mean was 2.60, tending towards "Agree" on the Likert scale.

To ascertain whether IT functions were usually outsourced at the organization the respondents were asked whether programming was a common outsourced service within the organization, 29.2% (14) respondents disagreed that the organization often outsources programming services, followed by 25% (12) of the respondents who strongly disagreed. 18.8% (9) respondents agreed that programming is a common outsourced service within the organization; while 14.6% (7) respondents were not sure and 12.5% (6) of the respondents strongly agreed. The resulting mean was 3.35 tending towards "Not sure" on the Likert Scale.

On whether the organization outsourced systems integration services, 33.3% (16) of the respondents gave a rating of Agree followed by 31.2% (15) of the respondents who disagreed. 29.2% (14) respondents strongly agreed and 6.3% (3) of the respondents gave a rating of Not sure. This resulted into a mean of 2.40 tending towards "Agreed" on the Likert scale.

To ascertain the aspect of staff augmentation, the respondents were asked whether the organization staffed projects with outsourced human resources and 60.4% (29) of the respondents gave a rating of strongly agreed followed by 18.8% (9) of the respondents who agreed. 14.6% (7) of the respondents disagreed while 6.3% (3) of the respondents strongly disagreed. The results registered a mean of 1.88 tending towards "Strongly Agree" on the Likert Scale. These results indicated that most projects at NPA are usually staffed with outsourced human resources.

Further, the respondents were asked to rate whether the organization outsourced welfare services to improve the wellbeing of the staff and 68.8% (33) of the respondents strongly agreed, while 31.2% (15) of the respondents agreed that the organization outsources welfare services to improve the wellbeing of the staff. This resulted into a mean of 1.31 tending towards "Strongly agree" on the Likert scale. These results showed that welfare services to improve the wellbeing of staff were usually outsourced at NPA.

On whether the organization outsourced services to maintain its facilities both movable and immovable, majority of the respondents (70.8%) (34) strongly agreed, followed by 16.7% (8) of the respondents who agreed, while 12.5% (6) of the respondents disagreed. This resulted into a mean of 1.54 tending towards "Strongly agree" on the Likert scale.

The respondents were also asked to rate whether the institution heavily relied on outsourcing facility management services and 79.2% (38) gave a rating of strongly agree, followed by 12.5% (6) with a rating of agree. 4.1% (2) respondents were not sure and 4.1% (2) disagreed. The results above registered a mean of 1.33 tending towards "strongly agree" on the Likert scale. These results proved that facility management services are some of the most outsourced services at NPA.

4.4.2 Qualitative findings on outsourced activities

Additional findings from the interviews confirmed that the organization usually outsourced a number of services. The respondents from the interview noted that much as the organization outsourced IT functions, this was usually done when there was a skills gap with the staff at hand and that the mostly outsourced IT functions included systems integration and data processing services and that much as programming was key in Information technology, the existing staff could ably handle this aspect. The respondents also agreed that most of the projects within the Authority were handled by outsourced human resource which was acquired through hiring consultants from outside the Authority.

The respondents also explained that the services provided at the organization included: Health insurance services, transport incentives, communication allowance in form of airtime, free lunch at the office premises, and provision of clean drinking water. The respondents further explained that the kind of services that were outsourced to maintain the organization's facilities included: Building maintenance and renovations, repair and maintenance of official vehicles, refuse collection, cleaning and fumigation services,

One particular key respondent noted that,

> "…the Authority contracted cleaning, catering, security, refuse collection and building maintenance services completely to service providers as well as vehicle maintenance and that facility management services were the most outsourced activity at the Authority, that all management of facilities whether movable or immovable at the organization were outsourced…"

4.5 Outsourcing and institutional performance

The objective of this study was to establish how contracting as a form of outsourcing affected institutional performance at National Planning Authority. This was further broken down into three specific objectives to establish the extent to which outsourcing (i) IT functions, (ii) human resource functions and; (iii) facility management services affected institutional performance at National Planning Authority. Results were calculated using the SPSS to get the mean and standard deviation and the Likert scale of (SA= Strongly Agree, A= Agree, NS= Not sure, DA= Disagree, SDA= strongly disagree) was also used to determine this effect.

4.5.1 Outsourcing IT functions and Institutional Performance at NPA

One of the objectives of this study was to establish the extent to which outsourcing of information technology functions affected institutional performance at NPA. In order to establish the extent of this effect, statements were provided for rating by the respondents. The rating scale used was strongly agree (SA), agree (A), Not Sure (NS), disagree (DA), and strongly disagree (SDA) to ascertain the effect per statement. The results of the ratings are provided in Table 4.6 below.

Table 4. 6: Outsourcing IT and institutional performance at NPA

Statements	SA	A	NS	DA	SDA	Mean	St. Dev
Outsourcing of IT functions leads to the transformation of some fixed costs into variable costs	13	21	4	10	0	2.23	1.077
Outsourcing of IT functions has encouraged the pursuit of new ideas and expertise among the employees	19	22	0	7	0	1.90	0.994
Outsourcing allows the organization to restructure its activities towards innovation	10	27	3	8	0	2.19	0.960
Outsourcing IT functions has led to standardized operations environment	5	25	8	7	3	2.54	1.071
Outsourcing improves information sharing and the ability of the organization to use new technologies	0	16	16	9	7	3.15	1.052

Valid N (list wise) = 48

Mean of means = 2.40

Source: Primary Data, 2016

4.5.1.1 Descriptive findings on Outsourcing of IT functions and institutional performance at NPA

The respondents were asked whether outsourcing IT functions had led to the transformation of some fixed costs into variable costs and 21 (43.8%) agreed to this, followed by 13 (27.1%) who strongly agreed, 10 (20.8%) of the respondents disagreed and 4 (8.3%) were not sure. The resulting mean was 2.23 tending towards "Agree" on the Likert Scale.

Further, the respondents were asked whether outsourcing of IT functions had encouraged the pursuit of new ideas and expertise among the employees at the organization. Twenty-two (22) (45.8%) of the respondents agreed, followed by 19 (39.6%) who strongly agreed and 7 (14.6%) of the respondents disagreed with the statement. The resulting mean was 1.90 tending towards "Strongly Agree" on the Likert scale.

The respondents were asked whether outsourcing allowed the organization to restructure its activities towards innovation. Twenty-seven (27) (56.3%) of the respondents agreed to the statement followed by 10 (20.8%) of the respondents who strongly agreed. 8 (16.7%) of the respondents disagreed and 3 (6.3%) were not sure. The resulting mean was 2.19 tending towards "Agree" on the Likert scale.

The respondents were also asked whether outsourcing IT functions had led to a standardized operations environment. Twenty-five (25) (52.1%) of the respondents agreed to the statement, followed by 8 (16.7%) that were not sure. The respondents who disagreed with the statement were 7 (14.6%), those that strongly agreed were 5 (10.4%) and 3 (6.3%) of the respondents strongly disagreed. The resulting mean was 2.54 tending towards "Agree" on the Likert scale.

The respondents were further asked whether outsourcing IT functions improved information sharing and the ability of the organization to use new technologies, and both the ratings of agree and not sure registered a response of 16 (33.3%), followed by 9 (18.8%) of the respondents who disagreed and 7 (14.6%) strongly disagreed. The resulting mean was 3.15 tending towards "Not Sure" on the Likert scale.

The overall mean of means was 2.40 tending towards "Agree" on the Likert scale which indicated that most of the respondents felt that outsourcing IT functions had an effect on the institutional performance at National Planning Authority.

4.5.1.2 Qualitative findings on Outsourcing of IT functions and institutional performance at NPA

From the interviews, it was established that outsourcing had reduced costs spent at the Authority. The interview respondents were in agreement that fixed costs such as recruitment and training of staff ended up being expensive; therefore the organization opted to outsource already skilled personnel to complete the task at a reduced cost, thereby saving operational costs.

Additionally, the interview respondents noted that as a result of outsourcing, the employees were learning from the outsourced service providers like IT gurus and they were challenged to be more innovative and creative. It was also ascertained from the interview respondents that the management of the Authority had focused on creating an innovative atmosphere as they continued to outsource by allowing officers to come up with new ideas and ways of doing their work in line with outsourced functions.

Further, the Uganda Vision 2040, p. 57, revealed that:

"ICT outsourcing provides an opportunity to improve national productivity   by

making Government and business enterprises more efficient, effective and globally

competitive…"

4.5.2 Outsourcing of HR functions and institutional performance at NPA

Further, the study also sought to ascertain practices relating to outsourcing of human resource

functions at NPA and the respondents were given various statements to rate. The rating scale used was

strongly agree (SA), agree (A), Not Sure (NS), disagree (DA), and strongly disagree (SDA). The

results of the rating are provided for in table 4.7 below:

Table 4. 7: Outsourcing HR functions and institutional performance at NPA

Statements	SA	A	NS	DA	SDA	Mean	St. Dev
Outsourcing human resource functions has provided the organization with opportunities to add more experts to its resource pool	3	24	16	5	0	2.48	0.772
Outsourcing leads to improved assurance of services	0	14	11	15	8	3.35	1.082
Improving service delivery is one of the most important reasons for outsourcing at the organization	5	14	12	12	5	3.17	1.629
There has been a significant reduction of expenditures in the organization as a result of outsourcing human resource functions	6	22	7	9	4	2.65	1.176
The level of employee productivity at the organization has improved as a result of outsourcing	13	30	0	5	0	1.94	0.836
Valid N (List wise) = 48 Mean of Means = 2.71							

Source: Primary Data, 2016

4.5.2.1 Descriptive findings on Outsourcing of HR functions and institutional performance at NPA

The respondents were asked to rate whether outsourcing human resource functions had provided the organization with opportunities to add more experts to its resource pool. Twenty-four (24) (50%) of the respondents agreed followed by 16 (33.3%) of the respondents who were not sure. Five (5) (10.4%) of the respondents disagreed and 3 (6.3%) strongly agreed with the statement. The resulting mean was 2.48 tending towards "Agree" on the Likert scale.

Further, the respondents were asked to rate whether outsourcing had led to improved reliability, responsiveness, flexibility and assurance of services. Fifteen (15) (31.2%) of the respondents disagreed with the statement, followed by 14 (29.2%) of the respondents who agreed, 11 (22.9%) were not sure and 8 (16.7%) of the respondents strongly disagreed with the statement. The resulting mean was 3.35 tending towards "Not sure" on the Likert scale.

The respondents were also asked whether improving service delivery was one of the most important reasons for outsourcing at the organization. Fourteen (14) (29.2%) of the respondents agreed to the statement; the respondents who disagreed and those that were not sure both recorded an equal response of 12 (25%), and the respondents who strongly agreed and those that strongly disagreed also registered an equal response of 5 (10.4%). This registered a mean of 3.17 tending towards "Not sure" on the Likert scale.

To ascertain the effect of outsourcing human resource functions on the operational costs of the organization, the respondents were asked whether there had been a significant reduction of expenditures in the organization as a result of outsourcing human resource functions. Twenty-two (22) (45.8%) of the respondents were in agreement with the statement, followed by 9 (18.8%) respondents who disagreed. Seven (7) (14.6%) of the respondents were not sure and the respondents that strongly

agreed and those that strongly disagreed recorded responses of 6 (12.5%) and 4 (8.3%) respectively. The resulting mean was 2.65 tending towards "Agree" on the Likert scale.

The respondents were asked to rate whether the level of employee productivity at the organization had improved as a result of outsourcing. Thirty (30) (62.5%) of the respondents agreed that outsourcing had improved the level of employee productivity at the organization followed by 13 (27.1%) of the respondents who strongly agreed with this statement and 5 (10.4%) disagreed. This registered a mean of 1.94 tending towards "Strongly Agree" on the Likert scale.

The overall mean of means was 2.71 tending towards "Agree" on the Likert scale, which indicated that the respondents felt that outsourcing human resource functions at NPA had an effect on institutional performance.

4.5.2.2 Qualitative findings on Outsourcing of HR functions and institutional performance at NPA

Additionally, results from the interviews showed that experts were added to the organization when staffing projects. This, according to the interview respondents was done by outsourcing personnel with specific skills and expertise which improved innovation at the Authority.

Further, contrary to the questionnaire findings that mostly disagreed that outsourcing had led to improved reliability, responsiveness, flexibility and assurance of services, the interview respondents noted that the fact that competent personnel are the ones usually outsourced had led to improved reliability and responsiveness as well as assurance of services which in turn led to improved service delivery at the organization. Outsourcing consultants to produce various outputs such as reports had enabled the institution to meet all the necessary deadlines set by government. That the consultants

were given a time frame in which to produce a particular assignment and this enabled the employees to concentrate on other institutional needs that were not catered for by the consultants.

The interview respondents were also in agreement that outsourcing human resource functions had increased employee productivity. The respondents explained that the incentives provided for staff welfare like outsourcing medical service providers, fuel service providers and catering services at the organization enabled them to be more productive. However, some of the respondents argued that much as there was improved employee productivity as a result of outsourcing human resource functions, there was a tendency of the employees becoming lazy and unwilling to learn as they expected the outsourced service providers to complete the work without any assistance. This then resulted into lack of accountability and poor team work.

In addition, according to the NPA Annual Report (2015), the Authority had continued to register human resource practices intended to encourage innovation, productivity improvement, talent management and development as well as effectiveness and efficiency of individual staff at all levels; and among these practices was outsourcing welfare services for the staff. According to the report above, NPA was able to cater for the medical services of the staff through outsourcing AAR Health Services (U) Limited.

4.5.3 Outsourcing Facility management services and institutional performance at NPA

To establish the extent to which outsourcing facility management services affected institutional performance at NPA, the respondents were given various statements to rate. The rating scale used was strongly agree (SA), agree (A), Not Sure (NS), disagree (DA), and strongly disagree (SDA). The results are detailed in Table 4.8 below.

Table 4. 8: Outsourcing facility management and institutional performance at NPA

Statements	SA	A	NS	DA	SDA	Mean	St. Dev
Outsourcing facility management services has allowed the organization to focus on its core functions	12	26	2	8	0	2.13	0.981
Outsourcing has led to improved management of resources	6	24	3	13	2	2.60	1.144
Outsourcing facility management services has led to better use of time by employees	11	21	4	8	4	2.44	1.253
Outsourcing facility management services has led to reduced expenditure in the organization	12	25	4	7	0	2.13	0.959
Valid N (list wise) = 48							
Mean of Means =2.32							

Source: Primary Data, 2016

4.5.3.1 Descriptive findings on Outsourcing Facilities Management services and institutional performance at National Planning Authority

From the table above, the respondents were asked whether outsourcing facility management services had allowed the organization to focus on core functions. Twenty-six (26) (54.2%) of the respondents agreed to the statement, followed by 12 (25%) who strongly agreed. Eight (8) (16.6%) of the respondents disagreed with the statement and 2 (4.2%) of the respondents were not sure. The resulting mean was 2.13 tending towards "Agree" on the Likert Scale.

Further, the respondents were asked whether outsourcing had led to improved management of resources at the organization and 24 (50%) of the respondents agreed with the statement, followed by 13 (27.1%) of the respondents who disagreed. Six (6) (12.5%) of the respondents strongly agreed to the statement, while 3 (6.2%) of the respondents were not sure and 2 (4.2%) strongly disagreed to the statement. This resulted into a mean of 2.60 tending towards "Agree" on the Likert scale.

On whether outsourcing of facility management services had led to better use of time by employees, 21 (43.8%) of the respondents agreed, followed by 11 (22.9%) who strongly agreed. Eight (8) (16.7%) of the respondents disagreed with the statement, while the respondents who were not sure and those that strongly disagreed had an equal response of 4 (8.3%) each. The resulting mean was 2.60 tending towards "Agree" on the Likert scale.

The respondents were also asked whether outsourcing facility management services had led to reduced expenditure in the organization. Twenty-five (25) (52.1%) of the respondents agreed to the statement followed by 12 (25%) who strongly agreed to the statement. Seven (7) (14.6%) of the respondents disagreed and 4 (8.3%) of the respondents were not sure. This registered a mean of 2.13 tending towards "Agree" on the Likert scale.

The overall mean of responses under this aspect was 2.32 tending towards "Agree" on the Likert scale, which showed that most respondents agreed that outsourcing facility management services had an effect on institutional performance at NPA.

4.5.3.2 Qualitative findings on Outsourcing facilities Management services and institutional performance at NPA

Additionally, it was ascertained from the interview respondents that due to outsourcing facility management services, the employees were able to focus on the core function of the organization which was development planning, thereby improving the performance of the institution as well as operational efficiency. Further, the interview respondents also noted that as a result of outsourcing facility management services, there had been a reduced number of employees in the outsourced area which had led to reduction in expenditure on recruiting employees who may even turn out to be inflexible.

The interview respondents further noted that through outsourcing facility management services the employees had been able to put their time to more valuable use. However, a tangible number of the respondents felt that outsourcing of these services had encouraged laziness among the employees because they had more time at their disposal.

Additionally, according to the NPA Annual Report (2015), the organization continued to provide a conducive working environment for its staff by outsourcing various service providers to maintain the organization's facilities. The services outsourced included civil works carried out to repair the offices, repairing of the office lift which had been non-functional for a couple of years and an overhaul of the sewerage system.

4.6 Institutional Performance at NPA

This study also sought to determine institutional performance at NPA. As earlier noted, there are factors or determinants of performance in public institutions and most studies grouped them into two categories, namely efficiency and effectiveness. To ascertain the performance at NPA, the respondents were given various statements to rate. The rating scale used was strongly agree (SA), agree (A), Not Sure (NS), disagree (DA), and strongly disagree (SDA). The results are detailed in Table 4.9 below.

Table 4. 9: Institutional performance at NPA

Statements	SA	A	NS	DA	SDA	Mean	St. Dev
There has been an improvement in resource management at the institution for the past four years.	10	26	3	8	1	2.25	1.052
There has been a significant reduction in expenditures at the institution for the past four years.	7	23	6	8	4	2.56	1.094
There has been an improvement in timeframes for service delivery at the institution.	16	19	5	6	2	2.14	0.840

Employees at the institution are always showing commitment to satisfy client needs.	15	20	1	9	3	2.27	1.061
There has been improved responsiveness to clients' needs at the institution for the last four years.	13	15	8	7	5	2.50	1.082
There has been improved service delivery at the institution	18	16	3	9	2	2.18	0.961
There has been increased volumes of work and outputs at the institution.	24	10	1	10	3	2.12	0.753
There has been an increasing trend in the quality of work at the institution for the past four years.	14	21	5	6	2	2.18	0.984
Valid N (list wise) = 48							
Mean of means = 2.28							

Source: Primary Data, 2016

4.6.1 Descriptive findings on institutional performance at NPA

The respondents were asked whether there had been an improvement in resource management at the institution for the past four years. Twenty-six (26) (54.2%) of the respondents agreed to the statement followed by 10 (20.8%) who strongly agreed to the statement. Eight (8) (16.6%) of the respondents disagreed, 3 (6.3%) of the respondents were not sure and 1 (2.1%) respondent strongly disagreed. This registered a mean of 2.25 tending towards "Agree" on the Likert scale.

The respondents were also asked whether there had been a significant reduction in expenditures at the institution for the past four years. Twenty-three (23) (48%) of the respondents agreed to the statement, followed by 8 (16.6%) who disagreed to the statement. Seven (7) (14.6%) of the respondents strongly agreed, 6 (12.5%) of the respondents were not sure and 4 (8.3%) strongly disagreed. This registered a mean of 2.56 tending towards "Agree" on the Likert scale.

Further, the respondents were asked whether there had been an improvement in timeframes for service delivery at the institution and 19 (39.6%) of the respondents agreed with the statement, followed by 16 (33.3%) of the respondents who strongly agreed. Six (6) (12.5%) of the respondents disagreed to the

statement while 5 (10.4%) of the respondents were not sure and 2 (4.2%) strongly disagreed to the statement. This resulted into a mean of 2.14 tending towards "Agree" on the Likert scale.

On whether employees at the institution were always showing commitment to satisfy client needs, 20 (41.6%) of the respondents agreed, followed by 15 (31.3%) who strongly agreed. Nine (9) (18.7%) of the respondents disagreed with the statement while 3 (6.3%) of the respondents strongly disagreed and 1 (2.1%) respondent was not sure. The resulting mean was 2.27 tending towards "Agree" on the Likert scale.

The respondents were also asked whether there had been improved responsiveness to clients' needs at the institution for the last four years. Fifteen (15) (31.3%) of the respondents agreed to the statement, followed by 13 (27.1%) who strongly agreed to the statement. Eight (8) (16.6%) of the respondents were not sure, 7 (14.6%) of the respondents disagreed and 5 (10.4%) strongly disagreed. This registered a mean of 2.50 tending towards "Agree" on the Likert scale.

Further, the respondents were asked whether there had been improved service delivery at the institution, and 18 (37.5%) of the respondents strongly agreed with the statement, followed by 16 (33.3%) of the respondents who agreed. Nine (9) (18.7%) of the respondents disagreed to the statement, while 3 (6.3%) of the respondents were not sure and 2 (4.2%) strongly disagreed to the statement. This resulted into a mean of 2.18 tending towards "Agree" on the Likert scale.

The respondents were also asked whether there had been increased volumes of work and outputs at the institution. Twenty-four (24) (50%) of the respondents strongly agreed to the statement, followed by the respondents who agreed and disagreed, registering an equal response of 10 (20.8%) each. Three (3) (6.3%) of the respondents strongly disagreed and 1 (2.1%) respondent was not sure. This registered a mean of 2.12 tending towards "Agree" on the Likert scale.

On whether there had been an increasing trend in the quality of work at the institution for the past four years, 21 (43.7%) of the respondents agreed, followed by 14 (29.2%) who strongly agreed. Six (6) (12.5%) of the respondents disagreed with the statement while 5 (10.4%) of the respondents were not sure and those that strongly disagreed were 2 (4.2%). The resulting mean was 2.18 tending towards "Agree" on the Likert scale.

The overall mean of means was 2.28 tending towards "Agree" on the Likert scale, which indicated that most of the respondents felt that the institutional performance at National Planning Authority had improved over the past four years.

4.6.2 Qualitative findings on institutional performance at National Planning Authority

Further, the interview respondents noted that since 2013, there had been a significant improvement in performance at National Planning Authority. They noted that there had been an increase in the productivity of employees and quality in the work delivered. One particular respondent noted that:

> "…..unlike during the production of the National Development Plan 1 (NDPI) in 2011, there has been a significant difference in the production of NDPII in 2014. The employees were able to deliver the NDPII within given timeframes and the quality of the work was exceptional and gladly approved by the Cabinet and H.E the President."

The interview respondents also noted that there had been an increasing trend of professionalism and integrity at NPA, with employees being able to take on any responsibility with ease and deliver output in a given timeframe. The respondents further noted management of resources had improved due to a requirement for departmental work plans and procurement plans that were strictly adhered to at NPA. However, a few respondents noted that performance at NPA was halted mainly by the poor appraisal

systems in place that do not allow for confidentiality, thereby leading to exaggerated ratings of the employees leaving no room for improvement.

4.7 Relationship between Outsourcing and Institutional Performance at NPA

Using SPSS for Windows V19, the researcher sought to determine this relationship which considered the Independent Variable dimensions of Outsourcing Information Technology, Human Resource and Facility management and the Dependent Variable of institutional performance. The researcher calculated the Spearman's Correlation to establish the existence or lack of existence of this relationship as well as the strength of each dimension of the independent variable with the dependent variable. The results are depicted below.

4.7.1 The relationship between Outsourcing IT functions and Institutional Performance at NPA

The study sought to establish the relationship between IT outsourcing and institutional performance at NPA. To get this, the researcher hypothesised as follows:

HA₁   There is a positive relationship between outsourcing of Information Technology functions and institutional performance at National Planning Authority

By use of SPSS, the researcher calculated the Spearman's Correlation and the results are depicted in Table 4.10 below.

Table 4. 10: Outsourcing IT functions at institutional performance at NPA

Correlations

			ITNEW	PERFNEW
Spearman's rho	ITNEW	Correlation Coefficient	1.000	.198

64

				.108
		Sig. (1-tailed)	.	.108
		N	48	41
	PERFNEW	Correlation Coefficient	.198	1.000
		Sig. (1-tailed)	.108	.
		N	41	41

Source: Primary Data, 2016

Table 4.10 above established that there was a weak positive relationship between outsourcing IT functions and institutional performance at NPA. The correlation Coefficient (0.198) established a weak positive relationship that was not statistically significant since the Sig. (0.108) was greater than 0.05. Therefore the researcher accepted the alternative hypothesis and rejected the null hypothesis.

4.7.2 The relationship between Outsourcing Human Resource functions and Institutional Performance at NPA

The study also sought to establish the relationship between outsourcing human resource functions and institutional performance at NPA. To get this, the researcher hypothesised as follows:

HA$_2$There is a positive relationship between outsourcing of Human resource functions and institutional performance at National Planning Authority.

By use of SPSS, the researcher calculated the Spearman's Correlation and the results are depicted in Table 4.11 below.

Table 4. 11: Outsourcing HR and Institutional performance at NPA

Correlations

			HRNEW	PERFNEW
Spearman's rho	HRNEW	Correlation Coefficient	1.000	.120

		FCTNE W	PERFNEW
	Sig. (1-tailed)	.	.228
	N	48	41
PERFNEW	Correlation Coefficient	.120	1.000
	Sig. (1-tailed)	.228	.
	N	41	41

Source: Primary Data, 2016

Table 4.11 above shows that there was a weak positive relationship between outsourcing Human resource functions and institutional performance at NPA. The correlation coefficient (.120) established a weak positive relationship that was not statistically significant since the sig. (.228) was greater than 0.05. Therefore the researcher accepted the alternative hypothesis and rejected the null hypothesis

4.7.3 The relationship between Outsourcing Facilities Management services and Institutional Performance at NPA

The study further sought to establish the relationship between outsourcing facilities management services and institutional performance at NPA. To get this, the researcher hypothesised as follows:

HA₃ There is a positive relationship between facility management outsourcing and institutional performance at National Planning Authority.

By use of SPSS, the researcher calculated the Spearman's Correlation and the results are depicted in Table 4.12 below.

Table 4. 12: Outsourcing facility management services and institutional performance at NPA

Correlations

	FCTNE W	PERFNEW

Spearman's rho	FCTNEW	Correlation Coefficient	1.000	-.021
		Sig. (1-tailed)	.	.447
		N	48	41
	PERFNEW	Correlation Coefficient	-.021	1.000
		Sig. (1-tailed)	.447	.
		N	41	41

Source: Primary Data, 2016

Table 4.12 above established that there was a weak negative relationship between outsourcing facility management services and institutional performance at NPA. The correlation coefficient (⁻0.021) established a weak negative relationship that was not statistically significant since the sig. (.447) was greater than 0.05. The researcher therefore rejected the alternative hypothesis and accepted the null hypothesis.

4.8 Regression analysis

The study also sought to establish the actual statistical contribution of each of the dimensions of the independent variable (outsourcing) to the dependent variable (institutional performance). To achieve this, the researcher calculated the regression coefficients using SPPS V19 which considered the independent variable dimensions of Outsourcing IT functions, Human resource functions and Facility management services. The results are depicted in the tables below.

Table 4. 13: Regression Coefficients

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	FCTNEW, ITNEW, HRNEW[b]	.	Enter

a. Dependent Variable: PERFNEW

b. All requested variables entered.

Source: Primary Data, 2016

Table 4.13 above shows what was entered in the SPPS when calculating the regression coefficients. FCTNEW meant the independent dimension for outsourcing facility management services, ITNEW meant the independent variable dimension for outsourcing information technology functions and HRNEW meant the independent variable dimension for outsourcing human resource functions. The "variables removed" column shows a NIL, which implied that all variables had been fully considered in calculation of the regression.

Table 4. 14: Model Summary

Model	R	R Square	Std. Error of the Estimate
1	.230[a]	.053	2.32508

Source: Primary Data, 2016

In the model summary (Table 4.14) above, there was a correlation coefficient of (R= 0.230), which suggested that there was a positive relationship between outsourcing and performance at NPA. The R square of 0.053 implied that the three dimensions under the independent variable (outsourcing) affected the dependent variable (institutional performance) up to the extent of 5.3%.

Table 4. 15: ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.198	3	3.733	.690	.564[b]
	Residual	200.021	37	5.406		
	Total	211.220	40			

Source: Primary Data, 2016

In the ANOVA table (4.15) above, the significance level was established at 0.564 which meant that the relationship between outsourcing and institutional performance at NPA was not statistically significant since it was greater than 0.05.

To establish the actual statistical contribution of each of the dimensions of the independent variable (Outsourcing) to the dependent variable (institutional performance), the researcher calculated the Unstandardized B coefficients and the results are depicted in Table 4.16 below.

Table 4. 16: Unstandardized B Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.634	4.101		3.080	.004
	ITNEW	.222	.164	.227	1.352	.185
	HRNEW	.109	.132	.143	.829	.413
	FCTNEW	.061	.213	.049	.288	.775

a. Dependent Variable: PERFNEW

Source: Primary Data, 2016

In Table 4.16 above, the Unstandardized B coefficient of 0.222 for the computed variable of IT outsourcing indicated that a unit improvement in IT outsourcing contributes 22.2 % improvement in performance at NPA. The coefficient for Human resource outsourcing was 0.109 which indicated a 10.9% influence to performance at NPA; and the coefficient for outsourcing facility management services was 0.061, which indicated a 6.1% contribution to performance at NPA.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The general objective of the study was to establish how contracting as a form of outsourcing affects institutional performance at National Planning Authority, Uganda. This chapter discusses a summary of findings obtained during the study. The findings were related to the research objectives and questions, the researcher's general conclusion about the results and recommendations based on the research objectives as well as the limitation to the study.

5.2 Summary of Key Findings

The study established that there was a relationship between outsourcing and institutional performance at NPA. It established, however, that the dimensions of outsourcing had different correlations with institutional performance. For instance, the study established a weak positive relationship that was not statistically significant between outsourcing IT functions and institutional performance; a weak positive relationship that was not statistically significant between outsourcing human resource functions and institutional performance; and a weak negative relationship that was not statistically significant between outsourcing facility management services and institutional performance.

5.2.1 Outsourcing IT functions and institutional performance at NPA

Results on the statements rated were as follows: Outsourcing IT functions leads to the transformation of some fixed costs into variable costs (mean 2.23); outsourcing of IT functions has encouraged the pursuit of new ideas and expertise among the employees (mean 1.90); outsourcing

allows the organization to restructure its activities towards innovation (mean 2.19); outsourcing IT functions has led to a standardized operations environment (mean 2.54); and outsourcing improves information sharing and the ability of the organization to use new technologies (mean 3.15).

These findings resulted into a mean of means of 2.40 tending towards AGREE on the Likert scale. This indicated that the majority of the respondents were at least in agreement that outsourcing of IT functions had an effect on institutional performance at NPA.

Further study findings established that there was a weak positive relationship between outsourcing IT functions and institutional performance at NPA. The correlation Coefficient (0.198) established a weak positive relationship that was not statistically significant since the Sig. (0.108) was greater than 0.05. The actual statistical contribution of IT outsourcing to performance at NPA was established at 22.2% with an Unstandardized B coefficient of 0.222.

5.2.2 Outsourcing human resource functions and institutional performance at NPA

The results on the statements rated to ascertain this relationship were as follows: Outsourcing human resource functions has provided the organization with opportunities to add more experts to its resource pool (mean 2.48); outsourcing leads to improved reliability, responsiveness, flexibility and assurance of services (mean 3.35); improving service delivery is one of the most important reasons for outsourcing at the organization (mean 3.17); there has been a significant reduction of expenditures in the organization as a result of outsourcing (mean 2.65); and the level of employee productivity at the organization has improved as a result of outsourcing (mean 1.94).

The above study findings on this objective revealed a mean of means of 2.71 tending towards "AGREE" on the Likert scale. This indicated that most of the respondents felt that outsourcing human resource functions had a significant effect on performance of NPA.

Further study findings showed that there was a weak positive relationship between outsourcing human resource functions and institutional performance at NPA. The correlation coefficient (.120) established a weak positive relationship that was not statistically significant since the sig. (.228) was greater than 0.05. The actual statistical contribution of outsourcing human resource functions to institutional performance at NPA was established at 10.9% with an Unstandardized B coefficient of 0.109.

5.2.3 Outsourcing of facility management services and institutional performance at NPA

Study findings on the effect of outsourcing facility management services on performance of the institution had the following results: Outsourcing facility management services has allowed the organization to focus on its core functions (mean 2.13); outsourcing has led to improved management of resources (mean 2.60); outsourcing has led to better use of time by employees (mean 2.44); and outsourcing facility management services has led to reduced expenditure in the organization (mean 2.13).

These findings revealed a mean of means of 2.32 tending towards "AGREE" on the Likert scale that indicated that most of the respondents felt that outsourcing facility management services had a significant effect on performance at NPA.

Further study findings established that there was a weak negative relationship between outsourcing facility management services and institutional performance at NPA. The correlation coefficient (⁻ 0.021) established a weak negative relationship that was not statistically significant since the sig. (.447) was greater than 0.05. The actual statistical contribution of outsourcing facility management services and institutional performance at NPA was established at 6.1% with an Unstandardized B coefficient of 0.061.

5.3 Discussion of findings

5.3.1 Outsourcing IT functions and institutional performance at NPA

The study findings established that outsourcing IT functions had a significant effect on institutional performance at NPA. The study established that among the outsourced activities at the institution were systems integration, data processing and IT staff augmentation. This is in line with Kern & Willcocks (2000) who explained that IT modes that are commonly outsourced by institutions include data processing, system integration, and telecommunication and application development. However, a substantial number of the respondents (29.2%) disagreed that programming was one of the most outsourced IT functions at NPA. This was echoed by the interview respondents who explained that much as programming was key in IT, the existing staff could ably handle this aspect.

On the effect of outsourcing IT functions and performance at NPA, most of the respondents (43.8%) agreed that outsourcing IT functions had led to the transformation of some fixed costs into variable costs. This is in line with Davis et al (2006) who noted that the desire to reduce costs is often an initial driver for IT outsourcing. The recruitment and training process for in-house employees can be expensive, whereas the temporary worker that is outsourced is already skilled and possesses the necessary qualifications (Kakumanu & Portanova, 2006). The interview respondents noted that the Authority saves on fixed costs such as recruitment and training of staff by hiring experts from outside the institution to deliver output. However, the respondents also noted that outsourcing may not at all times be cost-effective as some of the outsourced firms may exaggerate the costs of their services which in turn affects the operational costs of the institution.

According to Hodge (1999), outsourcing has provided long-term effects on innovations, that is, competitive advantage as institutions turn more on innovation than on labour costs. In line with

Hodge, the study findings showed that most of the respondents (56.3%) were in agreement that outsourcing had allowed the organization to restructure its activities towards innovation. These findings are in line with Barthelemy (2003) who stipulated that with the outsourcing of IT functions in order to cut costs, streamline processes and improve competitive standing, many have speculated on the link between outsourcing and innovation. Further, when outsourcing becomes part of organizational strategy, it is likely to influence the innovation climate for it motivates them to work harder (Karen & Roy, 2004).

Further, the findings indicated that as a result of outsourcing IT functions, most of the respondents (52.1%) felt that this had led to a standardized operations environment. This is in line with Griffin & Wilson (2012) who noted that outsourcing has been used to bring different parts of the organization together to reduce costs, apply common standards and share best practices. However, the respondents also felt that outsourcing IT functions does not necessarily improve information sharing and the ability of the organization to use new technologies as most of them (33.3%) recorded a response of "Not sure". This may be attributed to the fact that as a result of outsourcing services like IT functions, the employees were left redundant and almost with no work especially with regard to research.

The correlation coefficient of 0.198 established a weak positive relationship that was not statistically significant and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing IT functions to institutional performance at NPA was 22.2 % with the Unstandardized B coefficient of 0.222. These results indicated that much as there was an established relationship between outsourcing IT functions and institutional performance at NPA, there were other factors outside the 22.2% IT contribution that influenced institutional performance at NPA.

5.3.2 Outsourcing human resource functions and institutional performance at NPA

According to Elmuti and Kathawala (2000), outsourcing provides institutions with opportunities to add more experts to their resource pool, hence chances of increasing innovative performance may improve. Most of the respondents (50%) agreed to this statement which indicated that most respondents felt that outsourcing human resource functions had provided the organization with opportunities to add more experts to its resource pool. Similarly, the interview respondents noted that a lot of expertise had been gained as a result of outsourcing, staff augmentation enabled the employees to acquire new sets of skills from the outsourced experts and opened up their ability to perform better.

Most of the respondents (29.2%) were in agreement that improving service delivery was one of the most important reasons for outsourcing at the organization. These findings were in line with Beulen et al (2012) who noted that the drivers for human resources are frequently quoted as reducing costs and improving service delivery and outsourcing appears to encourage measurement of the value of human resources.

Further, most of the respondents (45.8%) felt that outsourcing human resource functions had led to a significant reduction of expenditures in the organization. These findings were in line with assertions by Contractor et al (2010) that outsourcing the recruitment processes for a sector like BPO, which faces an attrition of almost 50-60 per cent, can help the companies in BPO sector to save costs tremendously and focus on other issues like retention. Similarly, the respondents to the interview noted the organization often contracts consultancy services for technical and English editing, feasibility studies, printing services and, as a result, the organization only pays for the work needed, when it is needed and only for the right skills at the right times, thereby saving a lot of costs in both the short and long term.

Most of the respondents (62.5%) also felt that, due to outsourcing, the level of employee productivity at the organization had improved. These findings were echoed by the interview respondents who noted that the productivity of employees had been improved as a result of outsourcing welfare services like Health insurance, transport incentives like fuel for all staff and airtime allowances. These welfare services were also noted to guarantee employee reliability leading to improved service delivery. However, the respondents indicated that employee productivity was not often guaranteed due to lack of commitment from service providers and laxity in supervising these service providers.

Most of the respondents (31.2%) disagreed that outsourcing led to improved reliability, responsiveness, flexibility and assurance of services. This is however in conflict with the interview findings where the respondents noted that responsiveness and flexibility of the employees had been registered as an achievement of outsourcing at NPA. The respondents explained that the Authority had a shortage of staff which in turn led to poor response to tasks at hand and a lot of time taken to complete an assignment. Therefore through staff augmentation, the Authority had managed to mitigate this mishap and thereby guaranteeing responsiveness of the employees to the tasks at hand.

The correlation coefficient of 0.120 established a weak positive relationship between outsourcing HR functions and institutional performance at NPA that was not statistically significant and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing HR functions to institutional performance at NPA was 10.9% with the Unstandardized B coefficient of 0.109. These results indicated that much as there was an established relationship between outsourcing HR functions and institutional performance at NPA, there were other factors outside the 10.9% HR contribution that influenced institutional performance at NPA.

5.3.3 Outsourcing of facility management services and institutional performance at NPA.

Most of the respondents, 26 (54.2%), agreed that outsourcing facility management services had allowed the organization to focus on its core functions. This was in line with Hill and Jones (2012) who observed that outsourcing enables the human resource professionals of organizations to focus on the core and other human resource strategic issues. Since a company is focusing on their core business functions while other companies deal with other aspects, then chances are that productivity will be heightened and the level of quality emanating from such a business enterprise will increase. Respondents in the interview noted that the employees were focusing on the core function of the Authority which was development planning because the non-core functions like maintenance and cleaning of the work place are outsourced to service providers outside the institution. The respondents further noted that this had improved the performance of the institution as well as operational efficiency. This also supports the core competences theory which is to the effect that public institutions decide to outsource functions so they can be able to concentrate on their core competences for improved service delivery.

Twenty-four (24) (50%) of the respondents also agreed thatoutsourcing had led to improved management of resources at the organization which, according to Griffin (2012), is achieved due to the organization's ability to dedicate more time and resources to recruitment and training of employees. The interview respondents echoed that the Authority mainly outsourced cleaning, security, refuse collection, catering and building maintenance completely to service providers.

Further, most of the respondents, 21 (43.8%), agreed that outsourcing of facility management services had led to better use of time by employees. These results were in agreement with King (2002) who noted that outsourcing is also chosen by many enterprises because through this business approach, it is possible to save on valuable time and usually, companies that outsource can make

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faster deliveries to their respective consumers. Further, the interview respondents noted that outsourcing facility management services had been able to allow employees to use their time better. However, a tangible number of these respondents felt that the outsourcing of these services had encouraged laziness among the employees because they had more time at their disposal.

Most of the respondents, 25 (52.1%), also agreed that outsourcing facility management services had led to reduced expenditure in the organization. These results echo findings by Oshri et al (2011) who argued that outsourcing does lead to cost efficiency by reduction of government expenditure.

Further, the correlation coefficient of ⁻0.021 established a weak negative relationship between outsourcing facility management services and institutional performance at National Planning Authority that was not statistically significant and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing facility management services to institutional performance at NPA was 6.1% with the Unstandardized B coefficient of 0.061. These results indicated that there was no established relationship between outsourcing facility management services and institutional performance at NPA, which also meant that outsourcing facility management services does not necessarily lead to improvement in performance at NPA.

5.4 Conclusions

From the study findings, it was concluded that:

5.4.1 Outsourcing IT functions and performance at NPA

The correlation coefficient of 0.198 established a weak positive relationship that was not statistically significant between IT outsourcing and the performance at NPA and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing IT functions to institutional performance at NPA was 22.2 % with the Unstandardized B coefficient of

0.222. These results indicated that much as there was an established relationship between outsourcing IT functions and institutional performance at NPA, there were other factors outside the 22.2% IT contribution that influenced institutional performance at NPA.

5.4.2 Outsourcing Human resource functions and performance at NPA

The correlation coefficient of 0.120 established a weak positive relationship between outsourcing HR functions and institutional performance at NPA that was not statistically significant, and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing HR functions to institutional performance at NPA was 10.9% with the Unstandardized B coefficient of 0.109. These results indicated that much as there was an established relationship between outsourcing HR functions and institutional performance at NPA, there were other factors outside the 10.9% HR contribution that influenced institutional performance at NPA.

5.4.3 Outsourcing facility management services and performance at NPA

The correlation coefficient of -0.021 established a weak negative relationship between outsourcing facility management services and institutional performance at National Planning Authority that was not statistically significant, and the regression analysis coefficient results also showed that the actual statistical contribution of outsourcing facility management services to institutional performance at NPA was 6.1% with the Unstandardized B coefficient of 0.061. These results indicated that there was no established relationship between outsourcing facility management services and institutional performance at NPA which also meant that outsourcing facility management services does not necessarily lead to improvement in performance at NPA.

Overall, outsourcing IT functions was the most significant contributor (22.2%) to institutional performance at NPA followed by outsourcing human resource functions (10.9%). Outsourcing

facility management services contributed the least (6.1%) according to the regression coefficient. This implied that according to the study, outsourcing IT functions and HR functions were most likely to improve performance at NPA unlike outsourcing facility management services. The study also revealed that all the dimensions of the independent variable (outsourcing) were not statistically significant since the level of significance for each was greater than 0.05; which implied that there were other factors other than outsourcing that influenced the dependent variable (institutional performance).

5.5 Recommendations

The study further presented key recommendations from the above findings as discussed below:

5.5.1 Outsourcing IT functions and Performance at NPA

In order to exploit all the benefits from IT outsourcing, contract management with outsourced providers is key and should be emphasized at all times when NPA decides to outsource. This would be in line with Weinert and Meyer (2005) who observed that outsourcing of functions like IT was more complicated than other support functions and therefore still required that after outsourcing management ensures it is integrated with other departments. Therefore the study recommends that while outsourcing IT functions at NPA, contract management should not be left out.

Further, the study also recommends that in order for NPA to achieve the best from IT outsourcing, it needs to foster a culture that instils innovation, passion, challenge and meaning among its employees.

5.5.2 Outsourcing Human resource functions and Performance at NPA

Most of the respondents in the study did not agree that outsourcing leads to assurance of services because, according to them, the employees are left redundant with a lot of time at their disposal.

The study therefore recommends effective communication on outsourced services and information of employees on their contribution and role on the outsourced services. This would result in teamwork and improved service delivery.

Further, the study recommends that on top of outsourcing human resource functions, NPA should optimize governance, systems, alignment and lean processes through which all outsourced services can be managed and inclusive for all employees.

5.5.3 Outsourcing facility management services and Performance at NPA

Outsourcing facility management services was the lowest contributor to performance at NPA with a statistical contribution of 6.1%. The study therefore recommends that in order to improve this contribution, NPA needs to exercise strong fiduciary responsibility in order to save costs while outsourcing these services.

The study also recommends that NPA should provide essentials for facility management professionals to advance their contribution to the performance at the institution.

5.6 Limitation of the study

The study was majorly limited by the sample size, the initial sample was 71 respondents but only 48 responses were recorded which had a major effect on the overall results. The study also focused on one public institution to represent all public institutions in Uganda which was not sufficient to establish the effect of outsourcing on all public institutions in Uganda.

5.7 Areas for further study

Further study ought to be conducted in more than one public institution to ascertain a wide range of results and responses on the area of outsourcing and its effect on the performance of public

institutions in Uganda. Further study should also be carried out for other forms of outsourcing other than contracting -- for example franchising, vouchers, Public Private Partnerships, among others -- to ascertain their effect on performance of public institutions. Study should also be conducted on the effect of outsourcing and the performance of private institutions in Uganda to beef up the research on outsourcing in Uganda.

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CERTIFICATE OF PROOF THAT DISSERTATION HAS BEEN EDITED

This is to certify that the Master's Degree dissertation entitled, **Outsourcing and Performance of Public Institutions in Uganda: The Case of Contracting at National Planning Authority by Tatu Nakanjako,** has been reviewed and corrected in order to ensure clarity of expression and consistency regarding key style aspects like general grammar, sentence structure to ensure logical flow and effectiveness of meaning, all-round punctuation, use of articles, use of tenses in literature review, citation and referencing.
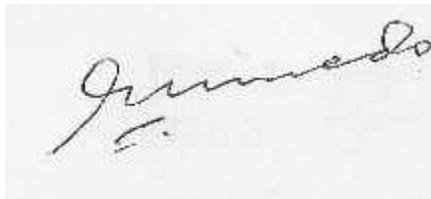
Mukotani Rugyendo

Professional Editor

Appendix 1: QUESTIONNAIRE

PART A: INTRODUCTION

Dear Sir/Madam

My name is Tatu Nakanjako a Post graduate student of EMBA (Project Planning and Management Option) at the Uganda Technology and Management University (UTAMU). As part of requirements for the award, I am conducting an academic study as thus "Outsourcing and the performance of public institutions in Uganda: The case of contracting at National Planning Authority". You have been selected to assist in collecting data for me to understand the study phenomenon in a deeper sense and I kindly request you to allow to be part of my respondents. Your name will not be pointed out at any stage of this study and all information will strictly be used for academic purposes.

In the case of any more information you may deem useful, please contact me on the following addresses:

Tel +256777774256 or Email: tattutamale@gmail.com

PART B: BACKGROUND INFORMATION

(Please circle the appropriate answer)

1.   Position that you hold at National Planning Authority

a). Board member   b). Manager   c). Senior officer

d). Officer   e). Assistant officer

2.   For how long have you held the above position?

a). Less than 5 years   b). 5 years and more

3.   Have you ever participated in any outsourcing activity at the Authority?

a). YES   b). NO

PART C: OUTSOURCED ACTIVITIES/ FUNCTIONS

Using the scale of (SA= Strongly Agree, A= Agree, NS= Not Sure, DA= Disagree, SDA= Strongly Disagree), please tick your answer to indicate the extent to which you agree with the following statements.

Statement	SA	A	NS	DA	SDA
The organization outsources data processing services.					
Programming is a common outsourced service within the organization.					
The organization outsources systems integration services.					
The organization staffs projects with outsourced human resource.					
The organization outsources welfare services to improve the wellbeing of the staff					
The organization outsources services to maintain its facilities both movable and immovable					
The institution heavily relies on outsourcing facility management services.					

PART D: OUTSOURCING EFFECT ON INSTITUTIONAL PERFORMANCE.

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements.

D1: OUTSOURCING IT FUNCTIONS AND INSTITUTIONAL PERFORMANCE.

Statement	SA	A	NS	DA	SDA
Outsourcing IT functions leads to the transformation of some fixed costs into variable costs.					
Outsourcing of IT functions has encouraged the pursuit of new ideas and expertise among the employees.					
Outsourcing allows the organization to restructure its activities towards innovation.					
Outsourcing IT functions has led to a standardized operations environment					
Outsourcing improves information sharing and the ability of the organization to us e new technologies					

D2: OUTSOURCING HUMAN RESOURCE FUNCTIONS AND INSTITUTIONAL PERFORMANCE.

Statement	SA	A	NS	DA	SDA
Outsourcing human resource functions has provided the organization with					

Statement					
opportunities to add more experts to its resource pool.					
Outsourcing leads to assurance of services.					
Improving service delivery is one of the most important reasons for outsourcing at the organization.					
There has been a significant reduction of expenditures in the organization as a result of outsourcing human resource functions.					
The level of employee productivity at the organization has improved as a result of outsourcing.					

D3: OUTSOURCING FACILITY MANAGEMENT SERVICES AND INSTITUTIONAL PERFORMANCE

Statement	SA	A	NS	DA	SDA
Outsourcing facility management services has allowed the organization to focus on its core functions					
Outsourcing has led to improved management of resources					
Outsourcing facility management services has led to better use of time by employees					
Outsourcing facility management services has led to reduced expenditure in the organization					

PART E: INSTITUTIONAL PERFORMANCE AT NATIONAL PLANNING AUTHORITY

Using the scale of (1= Strongly Agree, 2= Agree, 3= Not sure, 4= Disagree, 5= strongly disagree), please tick your answer to indicate the extent to which you agree with the following statements.

Statement	SA	A	NS	DA	SDA
There has been an improvement in resource management at the institution for the past four years.					
There has been a significant reduction in expenditures at the institution for the past four years.					
There has been an improvement in timeframes for service delivery at the institution.					
Employees at the institution are always showing commitment to satisfy client needs.					
There has been improved responsiveness to clients' needs at the institution for the last four years.					
There has been improved service delivery at the institution					
There has been increased volumes of work and outputs at the institution.					
There has been an increasing trend in the quality of work at the institution for the past four years.					

THANK YOU VERY MUCH FOR YOUR KIND PARTICIPATION.

Appendix 2: INTERVIEW GUIDE

Dear Sir/Madam

My name is Tatu Nakanjako a Post graduate student of EMBA (Project Planning and Management Option) at the Uganda Technology and Management University (UTAMU). As part of requirements for the award, I am conducting an academic study as thus "Outsourcing and the performance of public institutions in Uganda: The case of contracting at National Planning Authority". You have been selected to assist in collecting data for me to understand the study phenomenon in a deeper sense and I kindly request you to allow to be part of my respondents. Your name will not be pointed out at any stage of this study and all information will strictly be used for academic purposes.

1. What type of services and/or functions does National Planning Authority usually outsource?

2. Can you please briefly explain why National Planning Authority outsources these services and/ or functions?

3. How has outsourcing been effective in the institution?

4. How has outsourcing affected the operational costs of the institution?

5. How does outsourcing affect innovation and productivity of the employees at the institution?

6. Are there any limitations in the current trend of outsourcing? If yes, what are the limitations and in your point of view, how can these limitations be dealt with?

7. Has there an improvement in performance at National Planning Authority?

8. Can you please explain any performance indicators at the Authority?

I wish to thank you for your valuable time and reassure you of confidentiality.

Appendix 3: THE SAMPLING TABLE

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie & Morgan (1970.p.608). Note: N = Population size. S = Sample size.