

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

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This is a proposal for a study to establish the effect of outsourcing in the form of contracting on the performance of public institutions in Uganda with National Planning Authority as a case study. Outsourcing is considered the best management strategy by 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 will be the independent variable and performance of public institutions will be the dependent variable. Outsourcing will take the form of contracting and adopt the dimensions of Information Technology outsourcing, Human Resource functions outsourcing and facility management outsourcing; on the other hand, performance of public institutions will take the dimensions of efficiency and effectiveness. This proposal is composed of three main chapters namely: Chapter One which provides for the introduction, Chapter two which provides for the literature review and chapter three which provides for the methodology to be used in the research. It is followed by a list of references and finally appendices to provide relevant details.

1.1 Background to the study

1.1.1. Historical background

Historically, due to the nature of markets and firms, most of the economic activities were conducted within organizations itself (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 boundaries has increased significantly (Jennings, 2002 p.29). Outsourcing has become a significant issue in the restructuring of organisations 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 competency internally. And 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 & 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 is 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), 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. (African Business Magazine, 2013). 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). 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).

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 Economist 2010). Kenya's government for example lists business process outsourcing (BPO) as a major economic building block in their Vision 2030 (Kenya's Vision 2030). Boasting an improved IT infrastructure, political stability and English language capabilities, Kenya is hoping to become a major BPO hub (Manning, S. 2013). According to findings by (Mann, Graham & Friederici, 2015), 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.

1.1.2 Theoretical background

The outsourcing phenomenon has been grounded in many theories, some of them are complementary and the 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 will be 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 will be relevant to this study because it has been the most utilized theory of outsourcing, it is perceived to provide the best decision making tools to help organizations to decide to outsource and to prepare themselves for forthcoming outsourcing arrangements and it provides an explanation of contractual complexity (Perunovic & Pedersen, 2007 p.8).

The second theory that will be analysed by the study is the Core competencies theory. Prahalad & Hamel, (1990 p.79) define the core competencies theory as the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams technologies. The theory 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 354). Several researchers suggest 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,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).

1.1.3 Conceptual background

This study will highlight 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 institutions determined by institutional efficiency and effectiveness.

According to Tomas & 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. Contractor performance is then monitored and managed in view of predetermined service goals (Schniederjans, Schniederjans & Schniederjans 2005). Under contracting, there are a number of dimensions that explain the phenomenon of outsourcing. The dimensions 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 group them into two categories, namely efficiency and effectiveness. Efficiency will be measured in terms of operational costs, employee productivity and innovativeness. Effectiveness will be 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.

1.1.4 Contextual background

East African countries are trying to create or expand business activities by adopting outsourcing strategies and one of them is Uganda (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 the Makerere University in Kampala is focussing 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. The UBPOA was established to promote, nurture and support the Business Process Outsourcing (BPO) sector in Uganda and; to give the industry a single unified and strong voice, to grow the BPO sector and the companies in it, to strengthen and enhance the link between public and private sector as well as to influence constructive industry friendly policy. 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). At the National Planning Authority, services/ functions usually outsourced include information technology, human resource and facility management (NPA procurement work plan FY 2015/16).

However 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).

1.2 Statement of the problem.

It is expected that contracting as a form of outsourcing should positively contribute to institutional performance. 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 competencies 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 focus more clearly on the core competencies of the organization (Kakabadse & Kakabadse, 2001 p. 406).

However, 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. Following this assessment, it is clear there is lack of a clear understanding of outsourcing and its effect on performance of public institutions.

1.3 General objective of the study.

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

1.4 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.

1.5 Research questions.

The study will attempt 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?

1.6 Research Hypotheses

The study will seek 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.

1.7 Significance of the study.

This study is of immense value to public institutions and regulators as it will provide a picture of where public institutions stand in relation to the existing trend of outsourcing. Further it will provide evidence that will inform 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 will further provide a deeper understanding of the phenomenon under study, build more competence in research practice and will also enable the researcher to earn an award of an Executive Master's in Business Administration (Project Planning and Management). 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 field.

1.8 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 has 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 basis of common sense, emotional appeal or on basis of experiences from elsewhere that do not necessarily fit in Ugandan conditions. It's against this background that the researcher finds it necessary to carry out a study on contracting as a form of outsourcing and analyse its effect on the performance of public institutions in Uganda with National Planning Authority as a case study.

1.9 Scope of the study

1.9.1 Content scope

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

1.9.2 Geographical scope

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

1.9.3 Time scope

The study will be based on the experiences of the respondents dating from 2013 to the current situation. This period is related to the current respondents and there is consistence in management approaches.

1.9 Operational Definitions.

In this study the following terms will be 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 from an external supplier of a function previously carried out within the company.

Out source 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.

2.0 Introduction

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

2.1 Theoretical review

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

2.1.1 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. 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 (Salter, 1930), 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 & 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).

However, although the TCE theory has been exercised extensively in outsourcing applications, Lacity & 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 & 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 doesn't correspond to dynamism of 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 will be relevant to this study because it has been the most utilized theory of outsourcing, it is perceived to provide the best decision making tools to help organizations to decide to outsource and to prepare themselves for forthcoming

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

2.1.2 Core competencies theory

Prahalad & 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; Quinn 1992; Quinn & Hilmer 1994), since the former activities are those providing the organization's growth and direction (Peteraf 1993).

Several researchers suggest 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 1992 p.7).

Within that perspective, the core competences theory will be relevant to this study because it is one of the most powerful frameworks to explain why companies turn to outsourcing (Gilley &

Rasheed 2000 p787) and to also prove that public institutions decide to outsource functions so they can be able to concentrate on their core competencies for improved service delivery.

2.2 Conceptual review.

As already mentioned in chapter one, this study will highlight 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 & 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. Contractor performance is then monitored and managed in view of predetermined service goals (Schniederjans, Schniederjans & Schniederjans 2005). Under contracting, there are a number of dimensions that explain the phenomenon of outsourcing. The dimensions 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) defines 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 involves a number of outsourced activities and services as identified by Hsia (2011) who noted that, organizations' functions which are most commonly outsourced by UK organizations include cleaning, catering, security, transportation and building maintenance. Hsia (2011) also reiterates that there is 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. Efficiency will be measured in terms of operational costs, employee productivity and innovativeness. Effectiveness will be 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 represents the Conceptual framework.

CONCEPTUAL FRAMEWORK

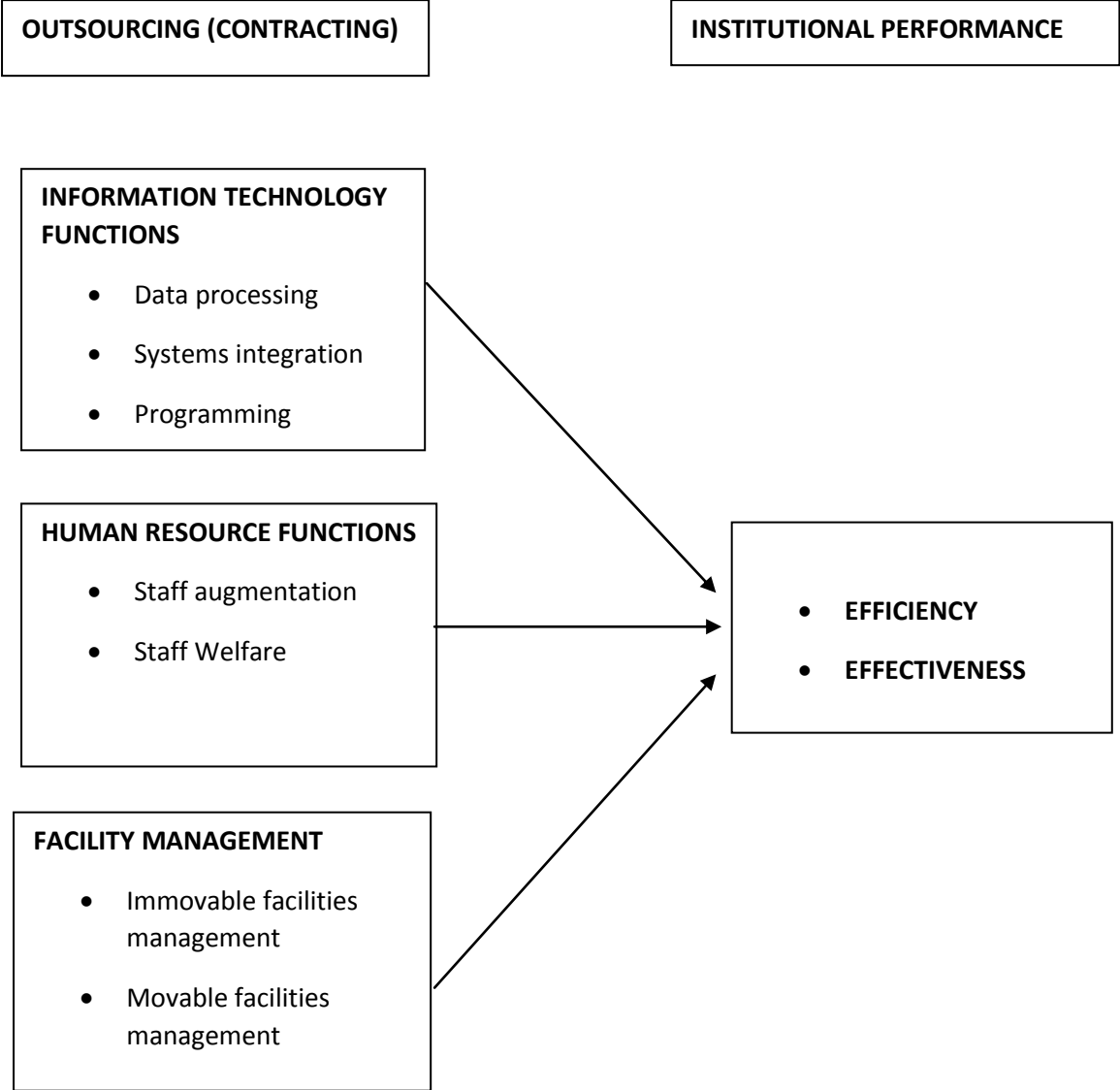


Figure 1: Conceptual framework for the proposed study on contracting as a form of outsourcing and its effect on the performance of public institutions is adapted from Dominic, (2014) and modified by the researcher.

2.2.1 Outsourcing;

Schiederjans, Schiederjans & Schiederjans (2005, p.3) define outsourcing as “the procurement of goods or services from sources that are external to the organization.”

Mahmoodzadeh, Jalalinia & Yidzi (2009) 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.

The main purpose of outsourcing was stated by Elmuti (2003) 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. 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). In that respect, strategic outsourcing modifies the firm’s boundaries and so is also considered a business strategy (Insinga & Werle 2000).

According to Lawler (2003), researchers have identified several outsourcing issues, trends and strategies that companies take in establishing and effectively managing their outsourcing. That the trend is for outsourcing relationships to function more as partnerships. Outsourcing can take any of the following forms: Contracting out, Public – Private Partnerships, volunteers, load shedding, franchising and vouchers (Lawler, 2003). For the purposes of this study, outsourcing will take the form of contracting out because it is the main form of outsourcing that is being embraced by public institutions in Uganda.

2.2.2 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 & Morgan (2006) 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. Contractor performance is then monitored and managed in view of predetermined service goals (Schniederjans, Schienederjans & Schienederjans 2005). 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 will ensure that the outsourcing entity is competitive and deals with implementation concerns on economic entity functioning in business environment (Nalepka & Ujwary-Gil, 2011).

For the purposes of this study, contracting will take the following forms; outsourcing of Information Technology functions, human resource functions and facility management.

2.2.2.1 Outsourcing of Information Technology functions

Lawrence & Venkatraman, (1992) 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).

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). 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).

It should be noted that 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). 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.

2.2.2.2 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) provide 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. 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 will comprise of strategies such as staff augmentation and staff welfare.

The strategy of staff augmentation in this study will refer to staffing of a project and responding to business objectives. The technique 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). McNeil (2005) 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.

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

2.2.2.3 Outsourcing of Facilities Management

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

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

2.2.3 Institutional Performance

There are factors or determinants of performance in public institutions and most studies group them into two categories, namely efficiency and effectiveness. Efficiency in outsourcing is the platform that allows small companies to compete with big ones because firms can engage in conducting their business functions (Griffin, 2012) while effectiveness generally refers to the capability of producing a desired result.

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. For the purposes of this study, efficiency will be measured in terms of operational costs, employee productivity and innovativeness while effectiveness will be determined by improved service quality, access to new technology or expertise and focus by the public institution on its core competencies.

2.3 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 competencies (Lacity & Willcocks 1997, p106). 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 will be 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;

2.3.1 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, 2003 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 has matured, IT outsourcing is 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 is supported by a survey by Domberger and Fernandez (1999), cited by Kremic (2006, p.469), which shows that IT outsourcing resulted in an average 9% increase in costs.

Corbett (2004, p.13) also notes that outsourcing allows firms to transfer their fixed costs, such as factories and staff, into variable costs. According to Gartner (2008) “changing the cost structure of IT will become a business imperative” in the coming years. This will allow firms to pass the risk of upgrading technology to their provider and allow them to respond more quickly to changing needs and prevents them from getting locked into technology (Chen & Perry, 2003, p.11). This is particularly important with IT because it requires high capital costs.

Outsourcing also enables firms to select and utilise the best expertise in the industry. A firm will 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). According to Barthelemy, (2003), it is widely accepted that innovation is a primary source of productivity growth. 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 (Barthelemy, 2003). 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 believes that the climate is open and that their input is valuable, then they are more likely to use their capabilities to innovate (Karen, 2004). 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 need for labour outsourcing (Barthelemy, 2003).

However, as Weinert & Meyer (2005, p.1) observe, IT is more complicated than other support functions and therefore still requires management after outsourcing to ensure its integrated with other departments. 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. This will have implications for how IT outsourcing is conducted and managed. Lacity & Hirschheim's (1993, p.260) conclude that IT is 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.

2.3.2 Outsourcing human resource functions and performance of public institutions.

Under human resource functions, outsourcing involves placing responsibility for various elements of the human resource function with a third-party provider (IAOP, 2010). According to Beulen, Ribbers & Roos (2012), 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.

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.

Outsourcing also gives a structured approach to the whole process of recruitment, with the ultimate power of decision making of recruiting with the organization itself (Griffin & Moorhead, 2010). The portion of the recruitment cycle that is outsourced range from preparing job descriptions to arranging interviews, the activities that consume almost 70 percent of the time of the whole recruitment (Griffin & Moorhead, 2010). According to Contractor, Kumar, Kundu & Pedersen (2010), 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.

Elmuti & Kathawala (2000) 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). Hill & Jones (2012) also argue

that creative individuals take information from diverse sources and find patterns in that information which lead them to solve problems in a new way.

However, although long term effects of extensive outsourcing of labour on innovation is 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 (Karen, 2004).

2.3.3 Outsourcing facility management and performance of public institutions

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

Numerous studies have been conducted to analyse whether outsourcing facility management activities achieves reductions in the expenditure of public institutions. The most commonly studied industries have been the cleaning and refuse collection industries mostly because the outputs are relatively easy to measure (Edwards & Stevens, 1978; Reeves & Barrow, 2000; Dijkgraaf & Gradus, 2001). 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%, which indicates that competition plays an important role in the determination of expenditure reductions. Subsequent work by Szymanski & Wilkins (1993) using the same data set confirmed these findings.

Outsourcing facility management activities saves time allowing employee productivity. Contractor, Kumar, Kundu & Pedersen, (2010) observed that employee productivity usually involves 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 are transferred to either labour hire agency or the worker. Hill & Jones (2012) also observe 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 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 faster deliveries to their respective consumers (King, 2002).

2.4 Empirical studies on outsourcing and the performance of public institutions.

Brown & Wilson (2012) identify 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) states that outsourcing offers "significant, often immediate cost savings" and Corbett (2004, p.11) highlights results from the 2004 outsourcing world summit, which showed that 50% 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 (Rimmer, 1994, p.79) and Domberger & Jensen (1997, p.68) argue that there is “substantial evidence” that governments have saved money by contracting out. However, cost reductions can only be achieved if the provider has access to economies of scale or can achieve increased efficiency through specialisation (Kremic, 2006, p.468). However, Jensen & Stonecash (2004, p.6) contend that the empirical evidence does not support the view that “public sector organisations are intrinsically less efficient”. Indeed, Que´Lin & Duhamel (2003, p.648) believe that if outsourcing was simply a cost cutting exercise then internal reorganisation maybe more efficient.

Other opponents argue that any savings achieved by outsourcing will be transitory, that outsourcing adversely affects workers’ terms and conditions of employment (Quiggin 2002) and that outsourcing may lead to a reduction in the quality of service provision (Hart, Shleifer & Vishny, 1997). This raises the possibility that the claimed efficiency gains associated with outsourcing are illusory. If observed expenditure reductions are achieved through a reduction in workers’ real wages, outsourcing represents a transfer of economic rent from workers to managers rather than an efficiency gain. In this instance, it is not clear that outsourcing results in a net social benefit (Quiggin, 1994).

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

2.5 Synthesis of the literature review and research gaps.

In Uganda, it has been noted that despite the advantages that come with using agents, there are a number of challenges as well; there is lack of overall control by the procuring entity which

may lead to project mismanagement and delays in delivery. There is also lack of clear knowledge about the objectives and core values of the procuring entity which makes the agent front his or her organization's core values. Hiring agents leads to low transparency and accountability and exposes the company to outsiders which discourages privacy. Suppliers usually hire agents to allow a transaction that's done at arm's length because having a buyer attend negotiations sometimes creates uncomfortable situations for both parties (Daily Monitor, 2015).

Further, despite all this research from other jurisdictions, there is a research gap on the topic of contracting as a form of outsourcing in Uganda especially in public institutions. The relevant articles and associated conference papers as well as outsourcing strategy remain a major source of frustration for managers in public institutions in Uganda. In this regard, this study will seek to cover this gap. Therefore, the results of this study will provide support to the effect of contracting as a form of outsourcing on the performance of public institutions in Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that will be 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.

3.1 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 will be a cross sectional survey and will adopt 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) and under the aspect of mixed methods, the researcher will combine quantitative and qualitative research techniques and methods to provide the best understanding of a research problem (Creswell, 2003 p.12). Amin (2005) states 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 will involve an in-depth probe and application of subjectively interpreted data.

3.2 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 will take place at National Planning Authority which is one of the public institutions

in Uganda. The population of the proposed study will be 87 employees of the National Planning Authority as according to the updated staff list for the year 2016.

3.3 Sampling

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

3.4 Sampling techniques and procedure.

The researcher will employ 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), 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 will employ the “sampling without replacement” approach to ensure that no sampled unit is 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 will be used particularly to sample top managers, senior officers, procurement officers and technical employees at National Planning Authority because they are deemed capable of providing more reliable and focused information.

3.5 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 will use 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 happen to be original in character (Kothari, 2004 p.95). Primary sources of data will be the top managers, senior officers, procurement officers and technical employees at National Planning Authority who will fill in questionnaires. Other methods that will be employed to collect primary data will include observation and conducting interviews following established academic procedures as proposed by Nunnally & Bernstein (1994).

Secondary data is gathering information from already existing sources which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004 p.95). According to Amin (2005), secondary data can provide a basis of comparison with the collected primary data results. For this study, secondary sources will include; official documents including published and unpublished reports and financial reports; Mass media including magazines, newspapers and books; and archival material (documents and data preserved in archives for research purposes).

3.6 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 will make use of a survey questionnaire and an 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 will be used because it allows 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 increases the degree of reliability due to the many items in it and it as well enhances the chances of getting valid data (Amin, 2005). The questionnaire will consist of both closed and open-ended questions. Quantitative data will be obtained by closed-ended questions while qualitative data will be 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, 1989). Interviews will be used because they have the advantage of ensuring probing for more information, clarification and capturing facial expression of the interviewees (Amin, 2005). The reason for using this instrument is to collect information that cannot be directly observed or difficult to put down in writing and to capture meanings beyond words (Amin, 2005).

3.7 Data quality Management

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

3.7.1 Validity

Validity concerns the degree to which a finding is judged to have been interpreted in a correct way (Brinberg & McGrath, 1985). 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 will employ the Content Validity Index (CVI) approach to establishing validity of the draft interview guide and the draft questionnaire where both tools will be distributed to 7 subject matter specialists to make an assessment on each question therein and declare their individual stand on whether each question individually merits to be either maintained on the tools, improved upon or all together dropped. The CVI formula is as follows;

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

As a rule of research methodology, the researcher will aim at a CVI of at least 0.7 in accordance with Amin, (2005)

3.7.2 Reliability

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) (Brinberg, 1985). In this study, reliability will be ensured through standardizing data collection techniques and protocols and also documenting time, day and place observations are made. First the researcher shall use the Test-retest technique where the draft questionnaire will be applied on ten respondents and then applied on the same ten respondents with a space of fifteen days to see if they will be able to give similar responses and thus test the reliability of the tool. The researcher shall also use the Statistical Package for Social Scientists (SPSS) to compute the Cronbach Alpha Coefficient. As a research methodology rule, the researcher will ensure a Cronbach Alpha Coefficient of at least 0.7 is realised. The formula for Cronbach's Alpha to be used will be as follows:

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

Where: n = Number of items on the test

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

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

3.8 Procedure for data collection.

The researcher will collect primary data by administering questionnaires. The questionnaires will be distributed to the respondents and a duration of two weeks will be given to the respondents to fill the questionnaire. Follow ups will be made to ensure high response rate is recorded. To effectively carry out interviews, the researcher will book appointments and carry out face to face interviews with the selected key informants. The interview will be carried out with the help of an interview guide. At all times, the researcher will ensure that interviews and delivery of questionnaires is done at times that do not interfere with the official work schedules of respondents and where they conflict, the researcher shall seek special permission from the management of the Authority.

3.9 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, discussions and recommendations (Kothari, 2004). The study will use both qualitative and quantitative data analysis procedures and techniques.

Qualitative data will be 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 your data set in (rich) detail (Braun & Clarke, 2006, p.79). Such a qualitative approach will be adopted because it’s the most suitable for analysing qualitative response to open ended questions on surveys and interviews and will be presented in form of narratives.

Analysis of quantitative data from the questionnaire will involve coding, data entry and cleaning to ensure that data is comprehensively captured in the data base which will be followed by preliminary analysis to ensure completeness to be finally followed by thorough

analysis which will follow statistical rules and commands as well as measures like the mean, mode, standard deviation, correlation and regression coefficients. The measurement of correlation coefficient will support the researcher to establish the existence or lack of existence of the direction as well as the strength of each dimension of the independent Variable (Contracting) with the Dependent variable (Institutional Performance) while the regression Coefficients will assist in establishing the actual statistical contribution of each of the dimensions of the Independent Variable to the Dependent Variable. This will be done following the order of the study objectives, questions and hypotheses. In all this, the researcher shall make use of the Statistical Package for the Social Sciences (SPSS).

3.10 Measurement of variables.

The data on variables will be measured at three levels namely; univariate, bivariate and multivariate. The univariate level will consider measurement and analysis of data at individual variable basis where the researcher will use measures of the mean, mode and frequencies. At the bivariate level, the researcher will concurrently consider two variables using presentation modes like cross tabulation. Finally at the multivariate level, the researcher shall consider a combination of more than two variables at the same time and this will mainly be used at higher level analysis to compute variable aggregates as well as the regression coefficient.

The questionnaire will be 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 Mugenda (1999); Amin (2005), the Likert scale is able to measure perception, attitudes, values and behaviour of individuals towards a given phenomenon. Therefore, the choice of this measurement is that each point on the scale will carry a numerical score which will be used in the study of social attitude.

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5.0 Appendices

Appendix 1: Questionnaire

PART A: INTRODUCTION

Dear Sir/Madam

My name is Tatu Nakanjako a Post graduate student of Project Planning and Management 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 B: 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.

		SA	A	NS	DA	SDA
1	Outsourcing in our institution involves contracting out.	SA	A	NS	DA	SDA
2	Most of the IT services/ functions are outsourced by our institution.	SA	A	NS	DA	SDA
3	Some human resource functions are outsourced at our institutions.	SA	A	NS	DA	SDA
4	The institution heavily relies on outsourcing facility management services.	SA	A	NS	DA	SDA

PART C: 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.

OUTSOURCING AND EFFICIENCY OF THE INSTITUTION		1	2	3	4	5
1	There has been a significant reduction of expenditures in the institution as a result of outsourcing.	SA	A	NS	DA	SDA
2	Outsourcing IT functions has led to the transformation of some	SA	A	NS	DA	SDA

	fixed costs into variable costs.					
3	Outsourcing has led to improved reliability, responsiveness and assurance of services.	SA	A	NS	DA	SDA
4	The level of employee productivity has improved as a result of outsourcing.	SA	A	NS	DA	SDA
5	Outsourcing has allowed our institution to restructure their activities towards innovation.	SA	A	NS	DA	SDA
OUTSOURCING AND EFFECTIVENESS OF THE INSTITUTION						
		1	2	3	4	5
7	Outsourcing human resource functions has provided the institution with opportunities to add more experts to their resource pool.	SA	A	NS	DA	SDA
8	Outsourcing of IT functions has encouraged the pursuit of new ideas and expertise among the employees.	SA	A	NS	DA	SDA
9	Outsourcing facility management services has allowed the institution to focus on its core functions thereby improving the performance of the institution.	SA	A	NS	DA	SDA
10	Improving service delivery is one of the most important reasons for outsourcing at our institution.	SA	A	NS	DA	SDA

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 Project Planning and Management 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?

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

Appendix 3: Work Plan.

ACTIVITY	DURATION	DATES
Scheduling appointments for interviews with relevant officials	One week	1 st to 4 th March 2016
Administering and collection of questionnaires to/ from participants respectively.	Two weeks	9 th to 23 rd March 2016
Conducting interviews	One week	4 th to 8 th April 2016
Analysis of the data	Two weeks	18 th to 29 th April 2016
Writing dissertation	One month	2 nd to 16 th May 2016
Presentation of findings	One week	Date set by University.

Appendix 4: 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.