

**SERVICE OUTSOURCING AND OPERATIONAL PERFORMANCE OF
ELGEYO-MARAKWET COUNTY GOVERNMENT**

BY

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REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS
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NAIROBI**

DECLARATION

I declare that this is my original work and has not been submitted for a degree in any other university.

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D61/64692/2013

This project has been submitted with the approval of as the university supervisor.

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DEDICATION

I dedicate this project to my family and friends for the continued encouragement and in a special way to my dear parents Mr and Mrs Yator, for their great inspiration, never ending support and prayers as I studied for this course.

Thank you, God, for seeing me through this long journey.

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ABSTRACT

Since county governments are faced with numerous challenges, there is need to be increasingly flexible to respond to the market needs and direct skills and resources to high value-addition activities to ensure that they have competency. The study was aimed at establishing the role of service outsourcing on the operational performance of the county government of Elgeyo Marakwet. The objectives of the study were to establish the extend of the service outsourcing in the county government of Elgeyo Marakwet and to establish the impact service outsourcing has on operational performance in the county government of Elgeyo Marakwet. This study outcome will be of value to persons interested in optimizing operational performance of county governments through outsourcing. This study employed a cross-sectional survey design in formulating the hypothesis and testing the relationship between the variables. The study was targeted to the staff of Elgeyo Marakwet county where a sample size was 78. The study established that the county government of Elgeyo Marakwet had outsourced cleaning services, ICT services, legal services and security service. The findings revealed that outsourcing of services by the County government has led to reduced operational costs, increased revenue collection, access to the skills and expertise knowledge, improved quality of service delivery, access to advanced technology and customer satisfaction enhancement. The study recommends that the County governments in Kenya must be able to work towards improving the services to its core customers and clients through proper outsourcing. Moreover, the outsourcing of the key services will guarantee that each component is handled efficiently and there is more concentration on the services delivery mechanisms. Service outsourcing within the County governments in Kenya will depend on how well the County governments expect work to improve on their performance in the specific areas that are clearly showing reluctance in the service delivery to meet the expected standards. It is hoped that its findings will specifically benefit the county governments and managers in providing strategies that best address the benefits and challenges associated with outsourcing in order to make sound decisions. It is anticipated that this study's results will be of assistance to the vendor companies and procurement officers in Kenya in selecting business models of outsourcing that will improve operational performance.

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ABBREVIATIONS AND ACRONYMS

CRA	-	Commission for Revenue Allocation
BPO	-	Business Process Outsourcing
KPMG	-	Klynveld Peat Marwick Goerdeler
RFP	-	Request For Proposal
ICT	-	Information Communication Technology
PPOA	-	Public Procurement Oversight Authority

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Because businesses are faced with increasing competition, there is need to be increasingly be flexible to respond to the market needs and direct their skills and resources to high value-addition activities that they have competence in Neemeka (2012). Firms must then outsource functions that are not core to its production or those that they don't have the capacity to competitively implement in a cost-efficient manner. Other reasons leading to businesses outsourcing include reduction of operational costs, flexibility, utilization of cutting-edge technology, product quality improvement, customer service improvement and to bridge gap in staffing requirements and acquisition of competitive advantages Yueng (2014).

Worldwide, due to increased demand by the public and other consumers of government services for timeless provision of good and services by public entities and institutions. There is also pressure to be transparent, accountable, and efficient in carrying out their mandate, World Bank Procurement guidelines (World Bank, 2006). Likewise, Government of Kenya Public Procurement and Disposal Act 2005.

In recent years, the need to privatize activities in the public sector has been driven by the need to improve efficiency and effectiveness of the services offered by the public sector Baily et al. (2008). Profuse discussions are happening in government parastatals to understand and evaluate the advantages and disadvantage of outsourcing services and function. Currently, the attitude is that service outsourcing is possible and viable, however caution is to be exercised not to outsource the organization core function Kotler (2003).

1.1.1 Service Outsourcing

Outsourcing can be described as the act of moving some of an organization's internal activities, responsibilities and decisions to other providers (Schneiderman's ,2006). Outsourcing is an arrangement whereby an intuition agrees to enter into a contract with a supplier from outside to provide goods and services that can be done inhouse. Viewed as a probable source of competitive advantage and wealth creation, outsourcing, through innovation and cost reduction improves an organization operating environment. According

to Hadfield et al. (2009), through service outsourcing a company is able to achieve leverage that would otherwise not be available in the company's domestic departments. The leverage is in terms of access to capital, advanced technology, expertise knowledge and economies of scale. These dynamics brings about cost saving fundamentals in outsourcing

According to Hsiao (2011), organization roles commonly outsourced include security, cleaning, building maintenance transportation and catering. He restates that to external service providers is not a new thing. Over the years outsourcing has moved from being only at tactical level to strategic level. The western and more developed countries outsource range of activities including security, catering, prison management and cleaning. In the recent years outsourcing, has been applied on other functions of the organization like, accounting, pension and auditing.

Gearing up for any outsourcing decision demands much effort. According to Douglas & Scott (2005) some fundamentals consideration should be observed in order to make the decision. Outsourcing decisions requires a broad skill set largely depending on the rationale and scope of the project. Where motivations are transparent and the measures of success are clearly defined it is easy to evaluate if the decision makers have conflict of interest and if the polices and structures ensure objectivity, independence and integrity of the decision.

Steps need to be followed to ensure that the company is being thorough in the providing the outsourced services. Businesses can mitigate any uncertainty by ensuring that the service providers have compliance into their processes and there are regulatory precautions (Koper & Luevano, 2015). Implementing outsourcing to ensure its success will involve need for strategic assessment, assessment of the supplier, outsourcing need analysis, management of contracts, initiation of the project and continuous modification or exit, Hila (2014).

1.1.2 Operational Performance

Griffin (2003) defines operational performance as the organizations ability to meets its needs and that of its stakeholders. It is a measure of a firm's performance against set standards of efficiency, effectiveness, and environmental responsibility such as:

productivity, waste reduction, regulatory compliance and cycle time. Magutu (2013) states that operational performance can be referred to measurable facets of the organization process outcomes of being reliable, production cycle time and inventory cycle. These can affect the measure of performance of the organization such as customer satisfaction,

Measures of operational performance are both quantitative and qualitative. These measures include flexibility, service quality, time of delivery, efficiency of cost, and reliability. The government needs to be accountable to demonstrate effectiveness and efficiency in provision of services that are demanded by the public (Segal & Summers 2002). Many government institutions are striving to offer quality services as this is a source of competitive advantage, reduce customer complaints and increase loyal customer base. Operational performance focuses on identifying processes that aid greater efficiency, high-quality outputs and on-time deliveries. These processes can be contoured to eliminate waste at every stage of operations, leading to reduction of costs, shortened timelines, increased value and productivity.

To achieve operational performance many organizations both governmental and private have had to consider the services of professionals by outsourcing. In order to ameliorate the performance of the county governments, it is vital that the service providers being sought have proven to be successful in the past. The absence of any performance measurement will make it difficult to have control of operations on an ongoing basis (Stuart & Robert 2010).

1.1.3 Elgeyo-Marakwet County Government

County Governments of Kenya were established in 47 Counties. The county government structure is similar to that of the National government consisting of the County Assembly and County Executive (The County Governments Act 2012). The County Public Service Board mandate is to ensure systems of checks and balances are adhered to implementing new architecture and change. The County Governments is required to decentralize and provide services that are efficient in a practical manner.

According to Commission for Revenue Allocation Kenya (CRA) fiscal report (CRA, 2014), County Governments account for 34% of the total budget for shareable revenue

allocation which translates to an amount of Kshs 231 billion. Given this kind of budget, there are many opportunities for county government to provide better services for their citizens in the fields of water and sanitation, health, infrastructure, education, financial services. Most county governments are faced with capacity constraints in terms of human resource and finances to enable them to provide effective services. This situation however presents them with opportunities to improve their service delivery through outsourcing. Some county governments do have existing outsourcing agreements with private firms.

Through implementation of the E-service portal, the County Government of Elgeyo–Marakwet is working on continuously improving its service delivery to the business community and its citizen. This is through the self-help E-portal that offers one stop shop services.

1.2 Research Problem

Outsourcing in operational management plays an indispensable role. Delivery of effective and quality services to the public as well as cost reductions is key to the functioning of an economy. Brown & Wilson (2005) established that outsourcing decisions were majorly influenced by cost, accesses to world class services and improved service delivery. Mounting pressure has been on the county governments to effectively run their operations and to keep their budget costs down. Aldelsberger, Kinshuk, Pawloski, and Sampson (2008) reiterate that since outsourcing is a growing trend, many organizations adopt it without doing a cost benefit analysis. Many parastatals and government intuitions blindly embrace outsourcing since its working elsewhere working elsewhere in other countries and private institutions without doing critical need analysis thus this study tries to establish how the factor affects productivity.

Global studies on outsourcing have been centered around the benefits of outsourcing and its perceptive in developed counties. Kaganoff (1998) states the benefits of outsourcing as cost reduction, acquiring new technology, gain better control functions through contract management and introduces competition within institutions. Outsourcing allows institutions set up and test new products and services, set prices competitively, properly utilize human capital and focus on their core business (Bartem & Manning 2001). Ravi

and. Arvanitis & Loukis (2012) study on Swiss and Greek firms on outsourcing and performance case observed that outsourcing boosts innovation. Bin et al. (2006) study on outsourcing effects on firms' operational performance shows evidence that outsourcing improves a firm cost efficiency but has no effect on profitability and production.

Numerous local studies have been done services outsourcing. Kirui (2001) on his study of competitive advantage of outsourcing training services in supply chain, a case study of BAT concluded that non-core functions like human resource, accounting and financial services, security services, customer care services, and cleaning services were all outsourced. He attributed this to the fact that these activities are repetitive in nature resulting in improved service delivery, operation costs reduction and increased innovation and efficiency. Motari (2002) concluded that through outsourcing companies are able to focus their resources on their core functions. This was a survey on logistics practices outsourcing on large and medium manufacturing companies in Kenya. Wachira (2016), study on outsourcing from a Kenyan perspective, established that markets open up for free trade and development is attained through outsourcing. Achonjo's (2014) study on outsourcing in Kenyan parastatals, established that the benefits a company derives from outsourcing services included reduced costs, increased productivity, strategic flexibility, functional flexibility, and internal flexibility.

Despite having various studies undertaken on outsourcing decision on operational performance of an organization, little research has been done on outsourcing by county government performance. This research is uniquely positioned to establish the missing link on outsourcing and operational performance of county government, noting the little data on studies done locally focusing on enhancement of operational performance through outsourcing hence leaving a research gap which will be addressed through an assessment of level of outsourcing and operational performance in the county government of Elgeyo-Marakwet.

1.3 Research Objectives

The objectives of this study are:

1. To establish the extent of service outsourcing in the county government of Elgeyo-Marakwet.
2. To establish the impact of service outsourcing on operational performance in the county government of Elgeyo-Marakwet.

1.4 Value of the Study

This study outcome may be valuable to any person interested in optimizing operational performance of county governments through outsourcing. It is hoped that its findings will specifically benefit the county governments and managers in providing strategies that best address the benefits and challenges associated with outsourcing in order to make sound decisions. It is anticipated that this study's results will be of assistance to the vendor companies and procurement officers in Kenya in selecting models of business to adopt in outsourcing that improves operational performance.

It is also hoped that the study will be of importance to the administration of county governments and the central government and it will provide important insights that can be applied in the formulation of policies that will guide the future of public sector outsourcing in respect to operational performance. It is also hoped that the findings will benefit the academia particularly those who venture to research on operational performance and outsourcing by building existing body on literature.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, a review of the literature is covered. First, a theoretical review focusing on selected theories that explain outsourcing, then levels of outsourcing, empirical literature review and the conceptual model showing the relationships between the variables in this study.

2.2 Theoretical Literature Review

Over the last few decades, there has been an increased attention by researchers on outsourcing. Since its still on its early stages, several theoretical frameworks have been used for this study. The theories that have been pivotal to this study are agency theory, contingency theory and resource-based theory. This section provides a brief overview of these theories in terms of their general prepositions.

2.2.1 Agency Theory

This theory tries to identify solutions by dealing with the principal agent problem. It tries to explain relationships whereby a principal assigns an activity to an agent. Principals and agents are portrayed as risk averse, rational and self-interested entities (Eisenhardt 1998). In this agency relationship, the principal is constantly seeking to reduce the agency related costs such as; policing and monitoring of the agent's behavior, specifying and rewarding the agent whereas the agent tries to optimize rewards while reducing principal control (Fleisher 1991). The major problems associated with the agency theory is where there are conflicting goals between that of the agent and the principal's goal thus difficult for the principal to manage the agent's behavior. Another major problem is sharing of risk. Since both the principal and agent are risk-averse they may differ in methodology of risk sharing that results in increased agency expenditure such as development, enforcement and monitoring contracts. (Eisenhardt 1998). Over time, the agency cost reduces as the principal and agent relationship develops.

Application of the Agency theory to outsourcing helps understand the organization and supplier relationship. The agent has to set aside their self-interest so as to ensure that the principal's goals are achieved and how best their relationship can be managed in order to

achieve this. The theory suggests the reinforcement of the ties between two organizations and the use of continuous monitoring and to address any shortcomings that may arise (Barney & Hesterly 1996). This theory has successively been used to explore the stage at which the organization considers all possible vendors and makes an informed decision on the type of relationship it wishes to develop with them.

2.2.2 Contingency Theory

Organizations are forced to engage different approaches that will enable them to meet their objectives depending on the business environment. This theory conceptualizes the fit between environmental and organizational variables. Organizations today are faced with a lot of uncertainties in their operating environment, a good example is rent and price fluctuations, because of such factors, organizations in a bid to secure stability of their operations may enter into outsourcing contracts (Koberg & Ungson, 1987). The organizations seek to achieve a fit by acquiring and utilizing internal resources or outsourcing. An organization resources may be insufficient to achieve all its goals and in such instances the organization often outsources to cover the gap.

For an organization strike a balance between its operations and the environment, it is dependent upon a number of internal and external factors including technology, environment, organization size, culture and strategy (Chenall, 2000). Dynamics in the operating environment exposes the organization to new opportunities or threats, this leads the organization to exploit ways on how to counter the threats or gain from the opportunities. To survive organizations, need to adopt to change. The adoption process and the environment will influence how the organization differentiates its internal structures (Crovisg ,2005). These factors may explain the outsourcing decision. Through their study, Stonebraker & Afifi (2004) found that technology drives organization structure change. Uncertainties in the environment leads to increased outsourcing, because of this, this contingency theory emphasizes on a greater organization environment fit.

2.2.3 Resource Dependency Theory

This theory implies that organizations cannot be self-sustaining in all their operational procedures and will rely upon the external environment for additional resources. (Pfeffer

& Salanick 1978, Pfeffer 1984). The theory was brought up as an alternate to economic theories of board interlocks and mergers, and also to better understand different types of Return On Investment that played major roles in recent 'market failures' (Pfeffer, 2003). Operational performance depends on multifaceted resources such as; capital, raw materials and labor. Organizations may not be capable to raise all these resources hence they operate with the principal of scarcity.

Pfeffer & Salanick (1978) identified three major factors that impact the extent of organizational dependency to certain resources. These factors are resource scarcity, organizational control over the resource and criticality or importance of the resource to an organization the environment determines the strategic options of that organization. A critical resource is that which must be present for an organization to function. Studies by (Hillman et al. 2009), (Davis and Cobb, 2010) and Sharif &Yeoh (2014) show the importance of Resource Dependency Theory in determining the reasons of formation of alliances, joint ventures, interlocks, mergers and acquisitions by striving to conquer dependences while improving organizational legitimacy and autonomy.

2.3 Outsourcing

The act of transfer of some in-house activities to a third party best describes outsourcing. It is making of an agreement between the organization (customer) and the third party (supplier) for provision of services and goods that were initially being provide by the organization. Outsourcing levels in this study are legal, cleaning, security and ICT services.

Services including landscaping, street sweeping, washing the concrete and walkways, cleaning windows, washing vehicles and janitorial service and general office tidiness are some of most outsourced cleaning services. According to Diamond & Allcorn (2005) cleaning services also extends to groundwork. This includes and not limited to fence and grass as well as trimming the flowers. Assaf (2010), on a research on maintenance service outsourcing, pointed out that factors that "improved quality requirements" and "achievement of higher quality of service for competitive advantage" had the highest mean rankings. He suggested that this was due to the fact that contractors were better equipped

with gear and labor to perform the maintenance services. The use of external professional personnel and professional equipment. Through outsourcing of cleaning services, the organization reduces the need of for special training needed to operate the equipment and safety hazard are reduced (Raghubalan, 2015).

Security refers to the extent of resistance to or protection from danger. This covers all vulnerable and valuable assets such as people, communities, organizations and nation. Pallack (2001) notes that companies realized that they are not security experts and do not possess the core competencies to implement a holistic approach to security. While it is possible for companies to build detection and response services for their own networks, it is always at a relatively high cost. Outsourcing of Third-party managed security services that are common occurrence in many organizations, such as security lobby guards begun just (Nick, 2012). Sang (2010), found out that universities like University of Nairobi and Masinde Muliro University of Science and Technology (MMUST) had been outsourcing security for several years. Juntunen & Autere (2012) also carried out a military research on outsourcing security services which purported that the military receive better service level since they build long-term partnerships with the public sector and their Logistics Service Providers (LSPs).

Legal services are works done by a lawyer. These services include legal counselling (providing legal advice), settling terms of a purchase of a business, providing legal services, tax or estate planning or acting as counsel or advocate to a party in a court proceeding, or in an arbitration or mediation and preparing legal documents such as conveyance documents, documents relating to the incorporation of a company. Procuring legal services from an external provider is known as Legal Process Outsourcing. By outsourcing legal services, an institution saves time through reduction of legal process that can be handled by paralegals. Cost reduction and rise of legal fees are some of the reasoning behind legal outsourcing (Ross, 2017). Legal process outsourcing gives time to the in-house legal counsel to work on tasks which are of high value, increasing profitability and the unanticipated activities handled by outsourcing helping to reduce the spending (Bharti 2015).

ICT is a major factor that affects operational cost in organizations. Rapid technological changes have made it difficult for organizations especially government organization to keep up with the trend thus ending up incurring unnecessary costs. They therefore outsource from private organization. Lower capital investment and operational costs, improved efficiency and greater business process are some of the benefits that government enjoy through outsourcing ICT services. Organizations are also able to have access latest technologies. Computing enables rapid delivery of ICT services to customers (Sebesta, 2012). The ever-growing technological developments make organizational easily access new technology and suppliers have diversified the services offered to organizations. Factors such as high cost of new technology acquisition, focus on organization main business, technological and service quality improvement and access to technology that the organization does not have, drive organizations to outsource ICT services (Prado and Takaoka, 2002).

2.4 Empirical Literature Review

Brown and Wilson (2012) state that in the USA benefits have been realized from outsourcing through allowing organizations to focus on its main business activity, variety of supplier economies, gaining from specialist in different fields, knowledge and experience exchange, better risk sharing strategies and through tendering processes they are able to keep costs low. Outsourcing can also be used as a tool for internal organizational changes that could have been otherwise difficult to achieve. Some organizations have gone a step further to use outsourcing as a tool of cost reduction, platform to share best practice experiences and provision of IT solutions.

Efficient outsourcing strategies gives small companies an advantage to compete with larger organizations since it will allow firms to concentrate on their core business functions (Griffin, 2012). Outsourcing has also allowed companies reap maximum benefits even without training their labor force in the specific area. Through relieving companies, the attention of dealing with other activities that are not directly linked to the main business activity, outsourcing can thus be seen as a viable option to increase productivity and reduce

operational cost of organizations (Griffin & Moorhead, 2010). Organizations are able to concentrate on their paramount business functions that eventually leads to improved functionality.

Many studies have been done on outsourcing. Kumar and Natarajan (2011) found out that perceived benefits and roadblocks, attitude towards outsourcing are some of the factors affecting outsourcing decisions by banks in India. They concluded that a combination of these factors plays major role when making when outsourcing decisions.

Irefin, Olateju and Hammed (2012) study on Nestle Nigeria Plc, by use of stratified sampling, concluded that outsourcing of production process has helped the organization to manage their costs and increased their profits through high sales volumes. They recommend that continuous monitoring of supplier and building communications as well as embracing the change by workers for success and reduce resistance during implementation.

Rajee and Akinlabi (2013) studied outsourcing services as a strategic tool for organizational performance for 15 Nigerian tobacco, food and beverage companies. They collected data via questionnaires and by use of econometrical tools, they analyzed the collected data. They concluded that outsourcing has given organization the opportunity to enhance expertise, build on quality, reduce costs and administration work. Their study concluded that outsourcing strategies can either improve or hamper operational effectiveness. The decision for an organization to outsource is guided by price, quality and innovation. The researcher recommended that for outsourcing to be strategy for achieving competitive advantage, the organization should first consider the risks involved.

Asiamah (2013) on the study of 50 banks and insurance companies in Ghana for the purpose of examining the relation between organizational performance and outsourcing concluded that there was no relationship between quality of services and outsourcing. Sampling was done and the study recommended a thorough background check on the external supplier prior to outsourcing contract. The study also recommended the building of backup system by the organization to avoid losses in case of supplier incompetence's.

Mathenge (2013) study on factors that affect outsourcing of accountancy by Small and Medium Enterprises (SMEs) in Kenya, concluded that accounting services was the major outsourced service by SMEs due to lack of expert knowledge of the in-house staff as well as lack of new technologies to carry out the services. Through outsourcing the SMEs have been able to focus on their core business and increased their chances of survival in the market and gain ISO certification. The study was of 100 SMEs and data was obtained through sampling of the top management of the SMEs,

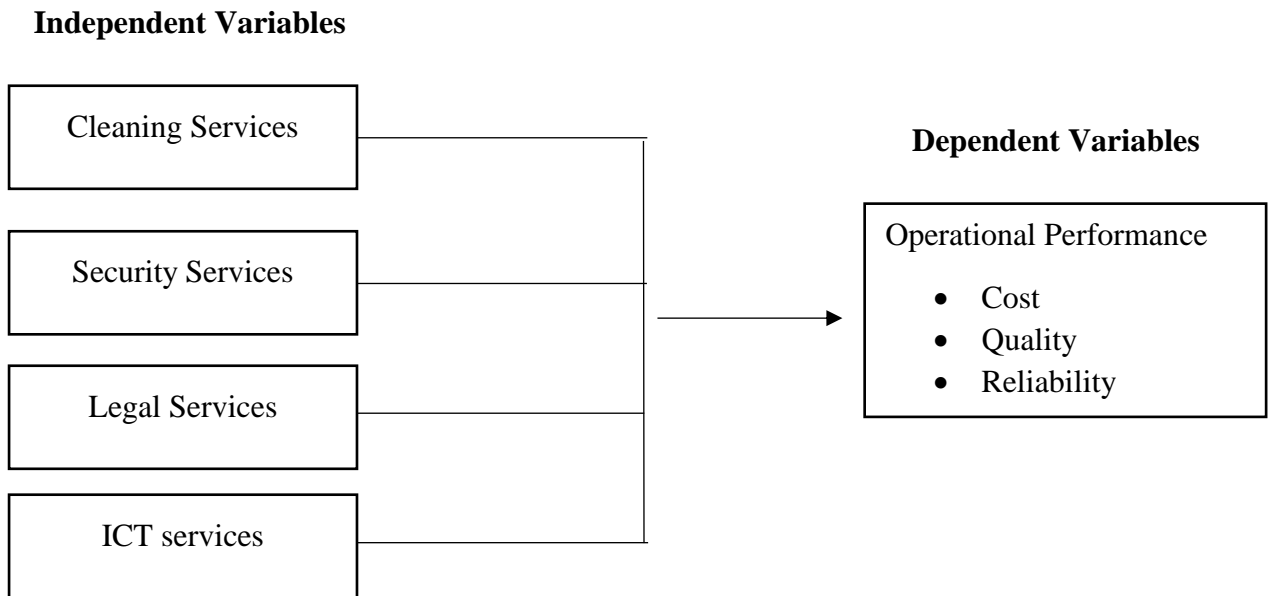
Ochola (2013) in her research on outsourcing strategies embraced by telecommunication companies in Kenya, she chose five telecoms equipment retailer companies to obtain primary data using a self-administered questionnaire. Her study concluded that telecommunications companies outsource non-core activities. These companies used both local and international subcontractors. It further concluded that choosing an outsourcing partner is a daunting task that needed to be incorporated in the company specific situation.

Awino and Mutua (2014) on the study of 144 Kenya State Corporations on outsourcing and performance found out that these corporations outsource both core and non-core functions. Their study also concluded that outsourcing has had a constructive impact on the performance of these corporations. The study gathered data through questionnaires and multiple regressions analysis was used for data analysis to identify the relation between the variables.

Matiti (2014) researched on factors affecting performance of outsourcing strategies among mobile phone operators in Kenya. In her study, she found out that for outsourcing to be successful there is need for management commitment, staff training, good communication and trust among the partners. The study also found out that lack of properly defined performance management criteria and outsourcing expectations causes a challenge in outsourcing. Adequate training and work culture go hand in hand with successful outsourcing. She used a cross sectional survey design for data collection in which managers from all the four mobile phone service providers in Kenya were interviewed.

Figure 2.1 Conceptual Model

In order to understand and identify some underlying forces behind different aspects of outsourcing, this research study adopted a conceptual framework of strategic importance.. The independent variable in this study were outsourced cleaning services, security services, legal services and ICT services. The dependent variable here was organizational performance measured by cost, quality and reliability as per figure 2.1 the below.



Source: Researcher (2019)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Within this chapter, an analysis of the design and methodologies used in this research is done. It highlights the research design, study population, size of the sample and the technique for sampling. It also describes the instruments for data collection, process of data collection, analysis of data and statistical method and hypothesis testing.

3.2 Research Design

This study employed a descriptive survey design; thus, information was acquired to meet the study objectives. Descriptive research design was useful in studying the relationship that exist between variables. Cross sectional design was used in formulating the hypothesis and to test the relation between the variables (Kothari, 2004). This study outlines the activities that were done from formulating hypothesis to analysis of data.

3.3 Population of the Study

The County Government of Elgeyo-Marakwet has a population of 369,998 (KNBS Census 2009). The population of interest was from sub counties of Keiyo North, Marakwet East, Marakwet West and Keiyo South. The study targeted the key staff of the county government operations namely finance department, procurement department, customer service department and operational heads. The county government has staff base of 260. According to Kothari (2005), a sample size of 30% of the population is appropriate, therefore a sample size of 78 employees.

Table 3. 1 Categories and Number of respondents

Category	Population	Sample size
Top management	25	8
Middle level	60	18
Lower level	175	53
Total	260	79

3.4 Data Collection Instrument

Primary data was collected from the respondents who were willing to participate in the study, using a structured questionnaire allows for descriptive analysis from the responses. Journals and interview reports and other relevant publications were the source of Secondary data.

Piloting was done to ensure the questionnaire is ambiguous free and the data generated is profoundly analyzed in relation to the stated research objectives. The questionnaires were administered to a few staff of a nearby county with similar characteristics as the study respondents. Adjustments were done after piloting to address the concern areas. Permission to collect data was further sought from the Elgeyo-Marakwet County Offices.

3.5 Data Analysis and Processing

Analysis was done on the primary data that was using descriptive statistics. Afterwards this data was analyzed and presented inform of frequency tables. In order to test for the relation between outsourcing and operational performance a regression analysis was done and also to examine the contribution of each independent variable to the regression model.

More specifically, the regression was of the form.

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \alpha$$

Where Y	=	County operational performance
β_0	=	Constant
x_1	=	Outsourced cleaning services
x_2	=	Outsourced security services
x_3	=	Outsourced legal services
x_4	=	Outsourced ICT services
α	=	Error term

CHAPTER FOUR:DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The contents of this chapter are the findings, analysis of the data, presentations, and the interpretation. Data analyzed was in line with the study objectives.

4.2 Response Rate

78 questionnaires were issued out and 71 of the respondents filled the questionnaire correctly and gave them back. This therefore resulted into a response rate of 91%. The researcher followed through with all the respondents to ensure that they returned the questionnaires thus the impressive response rate. According to Mugenda (2003), for a descriptive study a response rate of above 50% is adequate.

4.3 Demographic Data

Presented herein is the general background information of the respondents; job level and the duration worked for the county government.

4.3.1 Level of Management

The research study set out to establish the level of management of the respondents. The respondents were asked to indicate their job level as either top level, middle level or lower level. Table 4.1 shows the findings.

Table 4. 1 Job Level

Job Level	Frequencies	Percentage
Top Level	17	24
Middle Level	41	58
Low Level	13	18
Total	71	100

Source: Fieldwork (2019)

Majority of the respondents are in middle level at 58% followed by top level at 24% and lower level at 18%. This indicates the study targeted the right people since majority of the respondents are in top and middle level who are mostly the decision makers and are conversant with the county operations.

4.3 Duration of Work within the County Government

The respondents were requested to indicate their length of service at the county government in terms of years. Table 4.2 presents the finding on the length of service of the respondents

Table 4. 2 Duration of employment

Duration of employment	Frequencies	Percentage
Over 3 years	36	51
2-3 years	19	27
1-2 years	8	11
Less than 1 year	8	11
Total	71	100

Source: Fieldwork (2019)

From finding in figure 4.3 above, majority of the respondents have worked for the county government for more than 3 years at 51% followed by those who have been working for the county government for a period of 2 – 3 years at 27% and those who have worked for 1-2 years or less than 1 year both at 11%. From these findings a good number of the respondents had employed by the county governments for long enough and have good knowledge of county’s operational performance.

4.4 Outsourcing level

This study sought to identify the services outsourced by the county government of Elgeyo-Marakwet. This is the first objective of the study. The study results are represented in table 4.3. A scale of 1 to 5 was used to measure the responses where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Table 4. 3 Outsourcing levels

Outsourcing levels	Mean	Std. Deviation
Cleaning Services	4.18	0.85
Security services	4.04	0.85
ICT Services	3.99	0.84
Legal Services	3.97	0.88
Total	4.05	0.86

Research data (2019)

From the findings, mean of 4.18 indicates that majority of the respondents agree that to a great extent the county government of Elgeyo Marakwet has outsourced professional services. In addition, the standard deviation 0.86 indicates slight variation in the responses. The elements scored the following: cleaning services (M= 4.18. SD=0.85), security services (M= 4.04. SD=0.85), ICT services (M= 3.99. SD=0.84) and legal services (M= 3.97. SD=0.88).

From these findings, it can therefore be deduced that cleaning services, ICT services, legal services and security services were being outsourced. These results correspond to Neemeka (2012) who opined that there is need for organizations to be increasingly flexible to respond to the market needs and direct their skills and resources to high value-addition activities that they have competence in by outsourcing the necessary services.

4.4.1 Outsourced Services

Further the study sought to ascertain on the specific services that are outsourced by the County government of Elgeyo Marakwet. Table 4.4 shows the various outsourced services by the county government. A scale of 1 to 5 was used to measure the responses where, 1- Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Table 4. 4 Outsourced services

Outsourced services	1	2	3	4	5	Mean	Std Dev
<i>Cleaning Services</i>							
Garbage collection	1.4	2.8	11.3	33.8	50.7	4.3	0.88
Office and county building cleaning	0	4.2	23.9	39.4	32.4	4.0	0.86
Gardening and park maintenance	0	1.4	11.3	42.3	45.1	4.31	0.73
Street cleaning	1.4	5.6	11.3	39.4	42.3	4.15	0.94
Total	0.7	3.5	14.5	38.7	42.6	4.18	0.85
<i>Security services</i>							
CCTV cameras in offices & streets	1.4	4.2	26.8	45.1	22.5	3.83	0.88
24 hours manning security guards	1.4	7	16.9	43.7	31	3.96	0.95
Risk assessment and Management	0	5.6	14.1	46.5	33.8	4.08	0.84
Biometrics Employee registration	0	0	15.5	36.6	47.9	4.32	0.73
Total	0.7	4.2	18.3	43	33.8	4.04	0.85
<i>Legal Services</i>							
Contract Management	2.8	9.9	33.8	36.6	16.9	3.55	0.98
Court representation & appearance	0	2.8	18.3	43.7	35.2	4.11	0.8
Paralegal services	0	0	8.5	45.1	46.5	4.38	0.64
Legal research	2.8	8.5	21.1	35.2	32.4	3.86	1.06
Total	1.4	5.3	20.4	40.2	32.8	3.97	0.88
<i>ICT Services</i>							
Computer cloud services	1.4	7	21.1	54.9	15.5	3.76	0.85
Online payment	0	2.8	18.3	45.1	33.8	4.08	0.81
County website management	1.4	4.2	22.5	38	33.8	3.99	0.93
Internet provision	0	1.4	19.7	40.8	38	4.15	0.79
Total	0.7	3.9	20.4	44.7	30.3	3.99	0.84
Overall	1.05	4.58	16.65	40.75	37	4.05	0.85

Research data (2019)

The study results in relation to level of outsourcing by the county government indicates high levels of outsourcing. According to the responses the county government has to a great extent outsourced cleaning service (M= 4.18. SD=0.85). Specifically, to a great and a very great extent, 81.3% of the respondents agree that to the county government has outsourced cleaning services by, 84.5% of the respondents agree that garbage collection has been outsourced, 71.8% agree that office building cleaning has been outsourced, 87.4% agree that gardening and park maintenance has been outsourced and 81.7% agree that street cleaning has been outsourced. Apart from the known cost cutting, outsourcing also reduces the human resource cost associate with, hiring training and managing of employees

(Awino, 2011). The county saves costs when it comes to administrative costs associated with cleaning since the cleaning staffs are employees of the outsourced company.

On security outsourcing the respondents the county government has to a great extent outsourced cleaning service (M= 4.04. SD=0.85). To a great and a very great extent, 76.8% of the respondents agree that the county has outsourced is overall security services. 67.6% agree that CCTV cameras in offices and streets has been outsourced, 74.7% agree that 24 hours manning security guards, 80.3% agree that risk assessment and management has been outsourced while 84.5% agree that biometrics employee registration. The current trend is that numerous services associated with management of facilities are outsourced. Large institutions are getting rid of facility management reason being the huge cost associated with implementing the service. The outsourcing company has the ability to professionally reduce these costs and still operate (Tswetkwo 2011).

In terms of legal outsourcing, the respondents agree that to a moderate extent the county has outsourced legal services (M= 3.97. SD=0.88). 53.5% agree that contract management has been outsourced, 78.9% agree that court representation has been outsourced, 91.6% agree that paralegal services has been outsourced while 67.6% agree that legal research has been outsourced. Legal process outsourcing value proposition is founded upon low costs, document standardization and better technology (Wilcocks 2013). Outsourcing of legal service also signals institution's transparency and solution delivery.

For ICT outsourcing the respondents agree that to a moderate extent the county government has outsourced ICT (M= 3.99. SD=0.84). 70.4% agree that computer cloud service has been outsourced, 78.9% agree online payment has been outsourced, 71.8% agree that county website management has been outsourced and 78.8% agree internet provision has been outsourced by the county government.

From this finding, it can therefore infer that the County government of Elgeyo Marakwet has outsourced non-core services corresponding with Kotler (2003) who alludes that it is possible to outsourcing of services, but the organization should be careful not to outsource their core business.

4.5 Reasons for Outsourcing

The study sought to understand the reasons why the county government of Elgeyo Marakwet opts to outsource services. These reasons have been highlighted in table 4.5. A scale of 1 to 5 was used to measure the responses where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Table 4. 5 Reasons for Outsourcing

Reasons for Outsourcing	Mean	Std. Dev
Improve quality of service delivery	3.86	0.743
Improve customer satisfaction	3.82	0.703
Access to advanced technology	4.25	0.751
Reduce operational cost	3.99	0.837
Overall	3.95	3.849

Research data (2019)

From the findings in table 4.5 above, the foremost reason for outsourcing was to enable the county government access to advanced technology (M=4.25. SD= 0.751) followed by the need to reduce operational cost (M=3.99. SD=0.837) then to improve quality of service delivery (M=3.82. SD=0.703) and finally to improve customer satisfaction (M=3.86. SD=0.75).

Corresponding with this result is Yueng (2014) who opined that reasons leading to businesses outsourcing include reduction of operational costs, flexibility, utilization of cutting-edge technology, customer service improvement and bridge gap in staffing requirements. Organizations outsource services so as to transfer non-core competences to companies that can do them better. As core competence changes so does the reason for outsourcing

4.6 Service Outsourcing and Operational Performance

The relationship between organizational performance and outsourcing and was established by regression analysis. The independent variables were outsourced cleaning services, security service, legal services and ICT services while the depended variable is operational performance being measured by cost, quality and reliability.

4.6.1 Service Outsourcing and Cost

The dependent variable is operational performance of the county government of Elgeyo Marakwet. This section measures relationship between service outsourcing and the operational performance aspect of cost.

Table 4. 6 Model Summary Relationship between service outsourcing and Cost

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.503 ^a	.253	.207	.114628

From table 4.6, the coefficient of determination adjusted R square indicates a variation in the dependable variable because of changes the independent variables. The value of adjusted R square show there was variation of 20.7% on the cost operational performance of the county government due to outsourcing. R square of 0.253 implied that the model is good fit since it explains that 25.3% of cost performance is attributed to the outsourced services. R Square also indicates that cost performance of county government is explained by 25.3% of the independent variables used in the model.

Table 4. 7 ANOVA Relationship between service outsourcing and Cost

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.293	4	.073	5.582	.001 ^b
	Residual	.867	66	.013		
	Total	1.161	70			

a. Dependent Variable: Cost

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

The results indicated that the model above, the level of service outsourcing had a significant impact on cost performance, $F(4,66)=5.58, p=0.001$. These findings are in line with Brown and Wilson (2012) who state that in the benefits have been realized from outsourcing. By shifting the risk to a supplier, the firm can put its resources in core business functions. The firm through benefiting from suppliers' economies of scale gains cost flexibility through competitive bidding process for supplier.

Table 4. 8 Coefficients Relationship Between Service Outsourcing and Cost

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	
(Constant)	.262	.113		2.328	.023
Cleaning	.189	.125	.260	1.514	.135
Security	.084	.171	.099	.490	.626
Legal	.155	.145	.157	1.067	.290
ICT	.279	.091	.356	3.073	.003

a. Dependent Variable: Cost

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

From table 4.8 above, it can be inferred that only ICT outsourcing is significant in the model where ($p=0.003$). However, cleaning ($p=0.135$), security ($p=0.626$) and legal ($p=0.290$) are not significant in explaining the operational performance of the county. These finding corresponds to Görzig and Stephan (2002) on their study of manufacturing organizations in Germany, found that the correlation between outsourcing and profitability was inconsequential. These findings differ with expectations but not entirely unwarranted. Akewushola (2013), Gyemang et al. (2014); Suraju & Hamed (2013); on the study of 13 large organization found that profits were going down while they had outsourced. They attributed this to outsourced provider who is unable to do the function well thus the cost of mismanaged outsourced activities is higher than expected.

4.6.2 Service Outsourcing and Service Quality

Another measure of operational performance in this study is quality service. The study sought to measure the relationship between service outsourcing and quality of service being offered by the county government of Elgeyo Marakwet.

Table 4.9 Model Summary Relationship Between Service Outsourcing and Service Quality

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.389 ^a	.151	.100	.071810

From table 4.9, the value of adjusted R square show there was variation of 10.0% on the service quality operational performance of the county government due to outsourcing.

The coefficient of multiple determinations (R square) of 0.151 implied that the model is good fit since it explains that 15.1% of service quality performance is attributed to the outsourced services. R Square also indicates that service quality of county government is explained by 15.1% of the independent variables.

Table 4.10 ANOVA Relationship between Service Outsourcing and Service Quality

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.061	4	.015	2.940	.027 ^b
	Residual	.340	66	.005		
	Total	.401	70			

a. Dependent Variable: Service Quality

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

The results indicated that the model above, the level of service outsourcing had a significant impact on service quality, $F(4,66)=5.58, p=0.027$. These findings are consistent with Mulama (2012) in his study of outsourcing and performance of large manufacturing firm concluded that these firms realized increased productivity, overall effectiveness, service quality improvement and continuous improvement from outsourcing. Ogola (2013) also established that outsourcing frees internal capacity, reduces commitment to fixed costs, enhances high quality of service and speedy delivery of service in the book publishing industry.

Table 4.11 Coefficients Relationship Between Service Outsourcing and Quality Services

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.0289	0.1054		10.949	.000
Cleaning	0.4146	0.1501	.536	2.928	.005
Security	0.3665	0.0787	-.351	-1.627	.108
Legal	0.2761	0.2078	.036	.230	.819
ICT	-0.0172	0.1035	-.046	-.371	.712

a. Dependent Variable: Quality

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

From table 4.11 above, it can be inferred that only cleaning outsourcing is significant in the model where (p=0.005). However, security (p=0.108), legal (p=0.819) and ICT (p=0.712) are not significant in explaining the operational performance of the county. These findings are supported by Beardwell & Claydon (2007) indicating that often outsourcing eliminates direct contact and communication between the company and the client preventing the company from forming solid relationships with its customers. Kotabe et al. (2008) opined that there could be negative effects associated with outsourcing due to an organization's dependence on its suppliers.

4.6.3 Service Outsourcing and Reliability

The study sought after the relationship between service outsourcing and reliability of services being offered by the county government of Elgeyo Marakwet. This is a measure of operational performance in this study.

Table 4.12 Model Summary Relationship between Service Outsourcing and Reliability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.368 ^a	.135	.083	.134607

From table 4.12, the coefficient of determination adjusted R square indicates a variation in the dependable variable because of changes the independent variables. The value of adjusted R square show there was variation of 8.3% on the reliability operational performance of the county government due to outsourcing. R square of 0.135 implied that the model is good fit since it explains that 13.5% of reliability performance is attributed to the outsourced services

Table 4.13 ANOVA Relationship between Service Outsourcing and Reliability

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.187	4	.047	2.577	.045 ^b
	Residual	1.196	66	.018		
	Total	1.383	70			

a. Dependent Variable: Reliability

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

From ANOVA statistics in table 4.13, the results indicated that the model was a significant predictor of service quality, measure of operational performance. $F(4,66) = 2.577$, $p = 0.045$.

This shows that service outsourcing has a significant influence on the reliability of services offered by the county government. These findings are consistent (Gilley & Rasheed, 2000) who argued that, organizations may increase their productivity by focusing intensely on things they do best by allowing outsourcing companies to specialize on non-core tasks.

Table 4.14 Coefficients Relationship Between Service Outsourcing and Reliability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	
(Constant)	.520	.132		3.935	.000
Cleaning	.217	.147	.274	1.480	.144
Security	.133	.201	.144	.661	.511
Legal	-.187	.170	-.174	-1.100	.275
ICT	-.045	.107	-.053	-.424	.673

a. Dependent Variable: Reliability

b. Predictors: (Constant), ICT, Legal, Cleaning, Security

From table 4.14 above, it can be inferred that no outsourced service by itself is significant to the model. Cleaning ($p=0.144$) security ($p=0.511$), legal ($p=0.275$) and ICT ($p=0.673$) These findings are supported by (Lacity & Willcocks, 2002 and Windrum et al. (2009) where they arrived at the conclusion that difficulty by organizations in controlling outsourcing activities over time may result to insignificant relationship between company performance and outsourcing.

4.7 Challenges of Outsourcing

Further the study sought to understand the challenges faced by the county government of Elgeyo Marakwet in of service outsourcing. The findings are given in table 4.16.

Table 4. 15 Challenges of outsourcing

Challenges of Outsourcing	Mean	Std. Deviation
Leakage of confidential information	3.82	1.046
Conflict of interest with outsourcing partners	3.49	1.157
Hidden costs not included in the agreement	2.63	0.882
Delayed delivery or non-delivery	2.27	0.810
Lack of managerial skills to control suppliers	2.86	1.112
Contractor negligence in terms of training, safety and supervision	2.31	0.860
Identifying the right partner to outsource from	2.38	0.804
Undesired/poor quality of service	1.85	0.712
	2.67	0.920

From finding in table 4.15 above, the major challenge of the service outsourcing is leakage of confidential information (mean 3.83), followed by conflict of interest (mean 3.49). Other challenges faced include lack of managerial skills to control supplier (mean 2.86), hidden costs not included in agreement (mean 2.63), contractor negligence (mean 2.31) undefined quality control (mean 2.40), identifying the right partner to outsource from (mean 2.38). The least faced challenge I service outsourcing by the county government of Elgeyo Marakwet is poor quality of service with a mean of 1.85.

From the results it is concluded that the county government is experiencing challenges when it comes to services outsourcing, this aligns to Sampson (2008) who concluded that indiscriminately embracing outsourcing by parastatals and government institutions just because it has worked for the private sector has not improve the performance of the public institutions.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This present chapter gives details on the summary of the study findings on the role of the service outsourcing on the operational performance of County government. It also contains conclusions and recommendations.

5.2 Summary

The study established that the county government of Elgeyo Marakwet had outsourced cleaning services, ICT services, legal services and security services. These findings correspond to Nag (2004), who reasoned that outsourcing has become a strategic decision that gives institutions the leverage they require to compete globally in today's environment. By outsourcing, organizations have continued to increasingly improve and achieve their operational performance.

The finding also revealed that services outsourcing by the county government of Elgeyo Marakwet leads to reduced operational costs, access to the skills and expertise knowledge, improved quality of service delivery, leads to advancement in the technology and also improves on the customer satisfaction. The outsourced suppliers bring expertise knowledge and advanced tools of technology smoothening the processes at the county offices. Through outsourcing tasks are completed faster and accurately. The county workers have also been freed from doing non-core actives such as cleaning and security. Through outsourcing the county has increased its operational performance by increasing its efficiency and offering world class services which they could not have been possible were it not for outsourcing.

The study also found out that the county faces some challenges when implementing outsourcing practices. This includes conflict of interest with outsourcing partners, leakage of confidential information, hidden costs not included in the agreement, lack of managerial skills to control suppliers, undefined quality control and assurance, identifying the right partner to outsource from, delayed delivery or non-delivery of service.

5.3 Conclusions

This research study set out to determine the role of the service outsourcing on the operational performance of the County government of Elgeyo Marakwet. The study therefore concludes that there are many core services that the County government has outsourced especially the IT related services which are very critical in the success of the county functions.

Zameer and Ali (2013) stated in their study that the main need for outsourcing of services by many institutions and the organizations is to provide an ample time for the organization to be able to focus on their main activities and functions and thus be able to capitalize on their inefficiencies. The study therefore concludes that outsourcing strengthens some of the very critical aspects of the operations such as the structure and the flexibility of the operations and also the management at the county.

The study also concludes that outsourcing services within the county government has led to reduced operational costs, increased revenue collection, better customer service and access to world class technologies resulting to operational efficiency. The study therefore successfully established that there is a notable relation between level of outsourcing and the operational performance. These services can be performed by a third party company at a lower or equivalent capital cost but in a more efficient manner CIPS Study Guide (2006).

The study concludes that there are challenges that come along with outsourcing, including conflict of interest with outsourcing suppliers, leakage of confidential information, hidden costs, quality control and delay in delivery of the service. These challenges together with contractor negligence poses great drawbacks to service outsourcing in realizing its objectives in improving operational performance.

5.4 Recommendations for Policy

There are number of the recommendations with regards to service outsourcing and the operational performance of the County government in order to be able to enhance smooth operations.

Firstly, the county governments in Kenya must be able to work towards improving the services to its core customers and clients through proper outsourcing. Moreover, the

outsourcing of the key services will guarantee that each component is handled efficiently and there is thus more concentration on the services delivery mechanisms. Outsourcing services within the County governments in Kenya will depend on how well these County government expect work to improve on their performance in the specific areas that are clearly showing reluctance in the service delivery to meet the expected standards (Nyangau, *et.al.* 2014).

Secondly, the County governments should implement the outsourcing approach towards the service delivery within their counties. Some services are very key with regards to the running of the County government systems, services such as the security, legal, CT services and the cleaning services are very essential and in case there is any laxity or impropriety then, the effects can be widely felt across the county government functional and operational areas (Oshri *et.al.* 2011)

Lastly, for the county governments in Kenya as the service organizations they are, the goal and the main mandate should be to guarantee that the services are provided at the most efficient approach. Nonetheless in the view of the challenges that have been addressed here, it is important that the county government also should consider the quality of the services that they are getting from the outsourced institutions. Therefore, strict measures should be put in place to be able to curb the numerous challenges that are experienced since it can metamorphose into a management burden to explain the outsourcing underperforming services as thus compared to what has been there initially (Sang, 2010).

Also, while the apparent research may not have concunsievely dealt with this matter, regulatory authorities may use this point of interest to examine on how county governments in Kenya strike the balance between risks and benefits associated with the outsourcing taking into consideration interests of also the other stakeholders especially the final consumers of these services (Zuriekat, *et al.* 2011).

5.5 Limitations for the Study

Some of the limitations encountered during the study are discussed below.

There was a sense of lack of the adequate cooperation from the respondents, in as much as the researcher was in a position to collect all the very fundamental and the required data or

the information it was apparent that some of the county government respondents were hesitant to freely give the information as they were too committed in other functions, in that case some of the research questionnaire were not filled on the spot and thus had to be left behind and were to be considered for later collection, though this was overcome as the response rate was amazing.

Some of the study respondents were worried that they might be victimized since the information that was being sought was considered being very confidential. Some of respondents were also in that case unwilling to give the information as their busy schedule was being diverted therefore time wasting this made the accuracy of the information or the data to reduce. Most county governments treat their data as being very confidential this apparently instilled some sense of fear of their own privacy. Nonetheless the confidentiality was guaranteed to the respondents that no data would be leaked, and that no employee was to be linked in whatever way.

Lack of information from the respondents which was as a result of the very little exposure in some of the specific areas. Thus, the respondents were given enough time to be able to consult and also provide a proper and a very honest response which helped to overcome this. Subsequently, the researcher feared that a few cases selected in terms of the respondents may not have captured all the very necessary issues that were intended by the researcher thus were not applicable to the whole study sector.

5.6 Areas for Further research

Other research studies can be done on the impact of service outsourcing and operational performance in terms of other variables other than the ones that have been researched herein. In many instances, county governments in Kenya are judged based on performance and efficiency.

Additionally, a study can be done on the relationship between county governments that outsource their services and those that do not outsource their services. This comparative study can be used to provide more light on the service outsourcing in the county governments and also the other related organizations and institutions.

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APPENDICES

Appendix I: Questionnaire

This questionnaire is aimed at collecting data required for a study on the assessment of outsourcing and operational performance in the county government of Elgeyo-Marakwet. Your participation in this study is highly appreciated and you are kindly requested to complete the questionnaire. Please note the information you provide will be used for academic purposes and will be treated with utmost confidentiality.

Section 1: SECTION 1: Demographic data

1. What is your position/title in the organization?

.....

2. Which management level do you fall under? (tick where appropriate)

Top [] Middle [] Low []

3. How long have you worked with this County Government?

Less than 1 year [] 1-2 years [] 2-3 years [] Over 3years []

Section 2: Levels of outsourcing

4. To what extent has the county government outsourced the following services. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Outsourced cleaning services	1	2	3	4	5
Garbage collection					
Office and county building cleaning					
Gardening and park maintenance					
Street cleaning					

5. To what extent has the county government outsourced the following services. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Outsourced Security services	1	2	3	4	5
CCTV cameras in offices and streets					
24-hour security guards					
Employee identification cards					
Biometrics Employee registration					

6. To what extent has the county government outsourced the following services. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Outsourced Legal services	1	2	3	4	5
Contract Management					
Court representation and appearance					
Paralegal services					
Legal research					

7. To what extent has the county government outsourced the following services. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Outsourced ICT services	1	2	3	4	5
Computer cloud services					
Online payment					
County website management					
Internet provision					

Section 3: Reasons for outsourcing

8. Please indicate the county's reason for outsourcing services. Use the scale of scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Statement	1	2	3	4	5
Reduce cost					
Access to skills and expertise knowledge					
Improve quality of service delivery					
Access to advanced technology					
Improve customer satisfaction					

Section 4: Operational Performance Measures

9. Specify to what extent the following performance measures are true to the county regarding outsourcing of services. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Statement	1	2	3	4	5
The ratio of revenue to operating expenses is favorable					
Return on total investment is high					
Revenue collection is high					
Improved technological know how					
Access to skilled personnel					

10. Please indicate the county’s performance against stated objectives in the following areas in regard to outsourcing of services. Use the scale of 1 to 5 where, 1-Much worse, 2-Somewhat worse, 3-Stayed the same, 4-Somewhat better and 5-Much better

Statement	1	2	3	4	5
Timely delivery of services					
Better management of customer expectations					
Provision of consistent service					
Rapid Response time					
Customer Satisfaction					

Section 5: Challenges of outsourcing

11. Specify to what extent the county experiences the below outsourcing challenges. Use the scale of 1 to 5 where, 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Outsourcing challenges	1	2	3	4	5
Leakage of confidential information					
Conflict of interest with outsourcing partners					
Hidden costs not included in the agreement					
Delayed delivery or non-delivery					
Lack of managerial skills to control suppliers					
Contractor negligence in terms of training, safety and supervision					
Undefined quality control and assurance					
Identifying the right partner to outsource from					
Undesired/poor quality of service					

Thank you for your time