

**THE IMPACT OF OUTSOURCING ON ORGANIZATIONAL PERFORMANCE AT
CROWN BEVERAGES LIMITED .**

BY

KAMUKAMA PATIENCE

1163-05084-05647

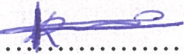
**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF A BACHELORS DEGREE IN SUPPLY AND PROCUREMENT
MANAGEMENT OF KAMPALA INTERNATIONAL
UNIVERSITY**

JULY, 2019

DECLARATION

I Kamukama Patience hereby declare that this Report is my original work and has never been presented for a degree or any other academic award in any university or institution of learning for any award.


KAMUKAMA PATIENCE

Signature: 

Date: 09/7/2019

APPROVAL

I, certify that **KamukamaPatience** with Registration number **1163-05084-05647** conducted her research on the topic "**The impact of Outsourcing on Organizational Performance**" the case of **Crown Beverages Limited** and its now ready for submission with my approval as supervisor.

Signed 

Name: **Ayazi Asch**

Date **27/07/2019** (Supervisor)

DEDICATION

I would like to dedicate this research work to my parents, Mr. & Mrs. Bakiiha and Mauda Johnson, my brothers and sisters Darius, Prince, Harriet, Sarah and Phionah for the impact they have contributed towards my education. Thank you, and may the Almighty God bless you!

ACKNOWLEDGEMENT

All praise be to thy Almighty, the merciful who bestowed and granted me the potential and ability to complete this research work. I would also like to send and pay my homage, honour and sweet sensation of respect to my loving and caring parents, whose love, prayers and encouragement kept me steadfast, dedicated and enabled me to attain this target successfully.

My sincere thanks go to my lecturers and management of Kampalal International University who have transformed me into a better and acknowledgeable person through long academic struggle throughout the course of my study at university

I also wish to thank my supervisor Mr. Ayasi Asadi for his guidance, positive criticisms and support during this work. Thanks for giving me your time in preparing me to become a useful person to society and community.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	viii
ABSTRACT	ix
 CHAPTER ONE	 1
1.0 Introduction.....	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	3
1.3 Purpose of the study.....	3
1.4 Specific Objectives of the Study.....	3
1.5 Research Questions.....	3
1.6 Scope of the Study	3
1.6.1 Content Scope.....	4
1.6.2 Geographical Scope.....	4
1.6.3 Time Scope	4
1.7 Significance of the Study.....	4
1.8 Operational Definition of Key Terms.....	4
1.9 Conceptual Framework.....	5
 CHAPTER TWO	 6
LITERATURE REVIEW	6
2.0 Introduction.....	6
2.1 Key Concepts.....	6
2.1.1 Outsourcing.....	6
2.1.2 Organizational Performance	8
2.2 Reasons for Outsourcing in Organizations	9
2.3 The effects of outsourcing on organizational performance	11

2.4	Ways of improving outsourcing in organizations.....	15
2.5	The various indicators of effective organizational performance	17
CHAPTER THREE		19
METHODOLOGY		19
3.0	Introduction.....	19
3.1	Research Design	19
3.2	Study Population.....	19
3.2.1	Study Population.....	19
3.2.2	Sample Size	19
3.2.3	Sampling Method.....	19
3.3	Source of Data	20
3.3.1	Primary Data.....	20
3.3.2	Secondary Data.....	20
3.4	Data Collection Instruments	20
3.4.1	Questionnaires	20
3.4.2	Interview guide	20
3.5	Validity and Reliability.....	21
3.6	Ethical consideration	21
3.7	Data Processing, Presentation and Analysis Techniques	21
3.8	Limitation of the Study.....	21
CHAPTER FOUR		23
DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS		23
4.0	Introduction.....	23
4.1	Personal Data and General Characteristics and Respondents.....	23
4.2	Reasons for Outsourcing in Organizations	25
4.3	Effects of Outsourcing on Organizational Performance.....	27
4.4	Ways of Improving Outsourcing	28
4.5	The Various Indicators of Effective Organizational Performance	30

CHAPTER FIVE	32
SUMMARY CONCLUSIONS, DISCUSSION AND RECOMMENDATIONS.....	32
5.0 Introduction.....	32
5.1 Summary Conclusion.....	32
5.2 Discussion of the Findings.....	32
5.2.1 Reasons for Outsourcing in Organizations.	32
5.2.2 The Effects of Outsourcing on Organizational Performance.	33
5.2.3 Ways of Improving Outsourcing	33
5.2.4 The Various Indicators of Effective Organizational Performance	33
5.3 Summary of the Findings.....	34
5.4 Recommendations.....	34
5.5 Areas of Further Research	35
REFERENCES	36
APPENDIX I	39
QUESTIONNAIRE	39
APPENDIX II	42
INTERVIEW GUIDE.....	42

LIST OF TABLES

Table 4.1: Showing the Sex of the respondents	23
Table 4.2: Showing the age brackets of the respondents	23
Table 4.3: Showing the department/position of the respondents	24
Table 4.4: Showing the department/position of the respondents	24
Table 4.5: showing the number of years the respondent had spent in the entity.....	25
Table 4.6: Showing the reasons for Outsourcing in Crown Beverages Limited.....	26
Table 4.7: Showing the effects of Outsourcing on performance of Crown Beverages Limited.	27
Table 4.8: Showing the ways of Improving Outsourcing in Crown Beverages Limited.	29
Table 4.9: Showing the various indicators of effective performance in Crown Beverages Limited	30

ABSTRACT

The study assessed the impact of outsourcing on organizational performance in beverage Industries using a case study of Crown Beverages Limited. The objectives of this study were limited to: finding out the reasons for outsourcing, analyzing the effects of outsourcing, investigating ways of improving outsourcing in organisations, and to examining the various indicators of effective organizational performance.

The researcher used a cross sectional survey design involving both qualitative and quantitative in nature. Primary and secondary sources of data were used and the researcher made use of purposive sampling. A sample size of 32 respondents were used to solicit information using likert scale type questions from the questionnaires and an interview guide.

Analysis of findings revealed that focusing on core competency is the reason as to why Crown Beverages Limited adopted the Outsourcing strategy/approach. Results further revealed that outsourcing has helped Crown Beverages Limited to save a lot in terms of effort, time, infrastructure and labor costs and this has helped the company to improve on its performance.. Finally it was seen that level of innovation was seen as the indicator of effective performance at Crown Beverages Limited.

The study therefore recommends that the company should ensure that they outsource only from competent firms that can help them achieve the desired levels of performance and that proper communication systems be put in place so as to effectively share relevant information with outsourcing firms.

CHAPTER ONE

1.0 Introduction.

This chapter contains the background of the study, Statement of the problem, Purpose of the study, Objectives, Research questions, Scope of the study, Significances of the study and the definition of key terms in relation to the topic.

1.1 Background of the Study

In today's business world, sustaining a competitive position is a paramount concern. Competition among companies is intense with many competitors in the market and each ensuring that he does the best to meet customer's needs (Belcourt,2006).Belcourt (2006),further noted that the ability of a firm to survive depends on how the firm takes advantage of the opportunities in the market place to satisfy its customers. Many companies have demonstrated their capabilities of being sensitive to their activities by ensuring that they perform their activities in time whereby they have concentrated on the core activities and leftthe non coreactivities to the outsourced firms to perform them.Earlier, outsourcing focused on tactical benefits like cost reduction, performance, quality and enhancing core competencies, but the focus of modern outsourcing is about transformational outsourcing, like providing innovative ideas (Rebernik and Bradac, 2006). This is because in the modern world cost reduction has no meaning without innovation, which in turn leads to better performance (Rebernik and Bradac, 2006). Therefore, outsourcing has turned out to be one of the most influential management tools. It has become the new frontier of modern business.

Outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers (Yang, et. al. 2007; McIvor, 2008). The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competences and capabilities and leave the non core activities to outsiders such that they can improve on their organizational performance (McIvor, 2008).

Hepnat, J., Hill, Ç. (2005), asserts that firms in the world seek to use outsourcing to gain a competitive advantage in the market, which will ultimately lead to increased organizational performance. (Elmuti,2004),suggested that effective outsourcing results in a competitive advantage in the marketplace and this helps the firm to increase on its market share and this will on the other side also lead to improved organization performance.

The resource limitations that many companies are facing, few firms have the ability to apply world-class resources to all areas of competition. Thus, in order to gain competitive advantage they must select areas in which they will concentrate their resources (Hamel and Prahalad, 2004). By outsourcing to specialist organizations services not generated by core competences, companies can see an improvement in their organizational performance .Companies are ever challenged to differentiate their services from the competitors in a market,it is common knowledge that an efficient and cost-effective service can give the competitive advantage that companies seek. But the knowledge for achieving this is to ensure that they produce quality products and this can be achieved by giving some activities that the organization cannot perform better to the outside firm to perform them and concentrate on those that they can perform better.

1.2 Statement of the Problem

Many companies are affected with the challenge of poor organizational performance and this is evidenced by reduction in their sales, delayed delivery of the products to their customers, non response to customer orders, delivery of poor quality products to their customers(Cooke, F. L 2005). These challenges have affected the organizations and affected their performance to the extent that they have lost customers and reduced their sales which has affected their margin.

The researcher believes that if organizations outsource their non core activities to companies where they think they can be performed better than when they perform them in-house and concentrate on the core activities where they can do better, it will help them save time, produce quality products and be able to meet all the customer needs and hence improve on the organizational performance. This therefore prompted the researcher to come up with an assessment of outsourcing option on organizational performance using a case study of Crown Beverages limited.

1.3 Purpose of the study

The main purpose of the study was assessing outsourcing on organizational performance.

1.4 Specific Objectives of the Study

- 1) To find out reasons for outsourcing in organizations.
- 2) To analyze the effects of outsourcing on organizational performance.
- 3) To investigate ways of improving outsourcing in organizations.
- 4) To examine the various indicators of effective organizational performance

1.5 Research Questions

- 1) Why do organisations choose outsourcing ?
- 2) What are the effects of outsourcing on organizational performance?
- 3) How can outsourcing be improved in organisations?
- 4) What are the various indicators of effective organizational performance

1.6 Scope of the Study

The scope reveals the Content scope, Geographical area that was covered and the Time scope.

1.6.1 Content Scope

The main focus of the study was assessing outsourcing on organizational performance and specifically it identified reasons for outsourcing in organisations, analyzed the effects of outsourcing on organizational performance, how outsourcing can be improved in organisations and the various indicators of effective organizational performance.

1.6.2 Geographical Scope

The study was confined to Crown Beverages Limited which is located on Jinja road 10 kms from Kyambogo University and 2 kms from Spear motors.

1.6.3 Time Scope

The study covered a period from March 2017- December 2017

1.7 Significance of the Study

The study will be important in the following ways

- i. The findings of the study will help the management of Crown Beverages Limited to fully identify the benefits associated with outsourcing. For example The study the production department, procurement department, user departments and the administration on how best they can apply outsourcing so as to achieve greater organisational performance
- ii. The study will be of importance to the University because it will add on the existing literature and it will be used for further research by different researchers who will carry out research in the same area of the study.
- iii. The study will help the company administration know how best they can apply outsourcing so as to achieve organisational performance..

1.8 Operational Definition of Key Terms

Outsourcing

Outsourcing also sometimes referred to “contracting out” is a business practice used by companies to reduce costs or improve efficiency by shifting tasks, operations, jobs or processes to an external contracted third party for a significant period of time

Organisational performance

The concept of organizational performance is the comparison of an organization's goals and objectives with its actual performances not three distinct areas; financial performances, market performance and shareholder value. These three measures determine whether an organization is meeting its goals

1.9 Conceptual Framework

Outsourcing

Performance

- Approaches to outsourcing
- Rationale for outsourcing
- Challenges
- Impacts

- Cost reduction
- Core competence
- innovation
- Improved quality

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This section analyzed the available literature by different scholars about the topic based on the study objectives.

2.1 Key Concepts

2.1.1 Outsourcing

In business, outsourcing is the contracting out of a business process to a third-party. The term "outsourcing" became popular in the United States near the turn of the 21st century. Outsourcing sometimes involves transferring employees and assets from one firm to another, but not always. Outsourcing is also used to describe the practice of handing over control of public services to for-profit corporations (Che-Ha, N. 2009).

Outsourcing includes both foreign and domestic contracting, and sometimes includes offshoring or relocating a business function to another country. Financial savings from lower international labor rates is a big motivation for outsourcing/offshoring (Nikbin2010). The opposite of outsourcing is called insourcing, which entails bringing processes handled by third-party firms in-house, and is sometimes accomplished via vertical integration. However, a business can provide a contract service to another business without necessarily insourcing that business process (Adler, P. 2003).

Two organizations may enter into a contractual agreement involving an exchange of services and payments. Outsourcing is said to help firms to perform well in their core competencies and mitigate shortage of skill or expertise in the areas where they want to outsource (Applebaum, S.,2007).

In the early 21st century, businesses increasingly outsourced to suppliers outside their own country, sometimes referred to as offshoring or offshore outsourcing. Several related terms have emerged to refer to various aspects of the complex relationship between economic organizations or networks, such as nearshoring, crowd sourcing, multisourcing and strategic outsourcing (Belcourt, Monica 2006).

Outsourcing can offer greater budget flexibility and control. Outsourcing lets organizations pay for only the services they need, when they need them. It also reduces the need to hire and train specialized staff, brings in fresh engineering expertise, and reduces capital and operating expenses (Bustinza,2010).

One of the biggest changes in the early 21st century came from the growth of groups of people using online technologies to use outsourcing as a way to build a viable service delivery business that can be run from virtually anywhere in the world. The preferential contract rates that can be obtained by temporarily employing experts in specific areas to deliver elements of a project purely online means that there is a growing number of small businesses that operate entirely online using offshore contractors to deliver the work before repackaging it to deliver to the end user.

One common area where this business model thrives is in providing website creation, analysis and marketing services. All elements can be done remotely and delivered digitally, and service providers can leverage the scale and economy of outsourcing to deliver high-value services at reduced end-customer prices (Cooper, C. L., 2009).

Kotabe, (2009) Gilley and Rasheed (2000) state that there are three reasons for this. Firstly, the acquisition of non-strategic services allows the organization to centre on what it really can do well, that is, on the services whose resources have a high strategic value (Gilley, et. al. 2004). Such a focusing on services not included in the core competences can increase performance and allow the company to be more flexible. Secondly, increasing the outsourcing of nonstrategic services can improve both the quality and the service (Desset *al.*, 2005). Lastly, the outsourcing of services of low strategic value enables the company to reduce costs and improve its competitive position (Gilley and Rasheed, 2000; Espino-Rodriguez and Robaina 2004).

Bustinza, O. F. D. (2010) shows that companies that make alliances by trusting external sources have better results, reduce risks and improve the quality ratio while also increasing their capacity of innovation and flexibility. Cooper, C. L., (2009) propose a dynamic perspective, which suggests an inverted relationship between outsourcing and performance.

2.1.2 Organizational Performance

Organizational performance is the concept of how effective and efficient an organization is in achieving the outcomes the organization intends to produce. The idea of organizational performance is especially important for private organizations as most people who contribute money to these organizations are interested in knowing whether the organization is effective in accomplishing its goals.

However, many scholars acknowledge that the concept has multiple dimensions and multiple definitions. For example, while most private organizations define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a minority of these people define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs Daft. (Robin Wensly,2008).

Organizational performance captures organizational effectiveness plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility (Dress, G;2005).

An organization's performance is also dependent on its communicative competence and ethics. The relationship between these three are simultaneous. Ethics is a foundation found within organizational performance. An organization must exemplify respect, honesty, integrity and equity to allow communicative competence with the participating members. Along with ethics and communicative competence, members in that particular group can finally achieve their intended goals (Elmuti, Dean,2004).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives) (Abebe ,2010).

Organizational performance analysis emerged with the recognition by the researchers of a dynamic link between organization structure and a number of identifiable variables such as environmental stability, technology, net work connections and firm size. In this perspective, organizational performance is described as being a contingent upon a number of internal and external factors and the general proposition is that there can be no “ideal type” of the organization form Padron-(Robaina, V. 2005).

Organizational performance is not only determined for the immediate survival but also for long term benefit. They regarded the degree of movement as being a function of organizations culture and political processes i.e. as being heavily influenced and constrained by history and ingrained ideas as to what change are appropriate for the organizations' performance not the environment in which it operates, (Klass, B. 2003).

2.2 Reasons for Outsourcing in Organizations

Today a lot of companies have turned to outsourcing in order to improve their current situation. As a matter of fact, outsourcing is considered to be the latest trend in modern economy all over the world. Outsourcing has both positive and negative sides for a company. Though it can be safely said that the reasons for outsourcing overweighs the negative things it may bring. Most of entrepreneurs wonder what the reasons for outsourcing are and why they should risk the success of their company over this method. Below are some of the reasons for outsourcing in organizations.

Companies that outsource certain routine functions to offshore experts are capable of focusing on their core competency. In rapid growth periods, the back-office operations of a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office. Before outsourcing caught on in such a big way, healthcare practices had to deal with functions like transcription, medical billing and claims processing which consumed a lot of their time and resources. However, now by outsourcing these processes to external locations these practice are able to focus on their primary concern - 'patient care' (Papalexandris, N. 2007).

Companies go for outsourcing for ability to cut back on the amount of money they pay for accomplishing particular services. It's far more expensive for companies to avail the services of professionals within their country compared to the equally skilled ones in offshore countries. Aside from being able to cut down on the expenses that the company spends is the fact that some competitors of particular companies are probably using services of the outsourcing provider by now. And, the only way to remain competitive is to outsource as well; not to mention, this will also expand the market of a particular company (Giardini, A.2008).

Another reason for outsourcing includes the fact that the communication and technology have become more advanced than ever. Because of this, companies won't have a hard time communicating with their employers even if they are located in different parts of the world. And it's important that the speed of communication will not suffer at all (Gilley, K. 2000).

Migrating to newer technologies allows companies to make better use of their investments and enjoy enhanced productivity and quality. Companies with outsourced IT processes are better enabled to migrate to new technologies with minimum downtime and productivity disruption. This can help the organization to quickly adapt to the new technologies which can help it top gain a competitive advantage (Gilley, K.2004).

In any outsourcing model the offshore partner supplements the operations of the outsourcing company with redundancies and back-up mechanisms. In the event of any natural calamities, accidents, market fluctuations or technical crises the rigorous disaster recovery mechanisms and detailed back up plans at the offshore vendor's end can help companies to rapidly respond to the situation and get operations back on track within remarkable turnaround time (Greer, C. R.2009).

Companies that decide to outsource find that expensive infrastructure requirements are cut back drastically as some of the functions move to external locations. Cutting edge IT systems, state-of-the-art customer service call centers and technical helpdesks entail heavy investments to companies. By outsourcing these functions to external vendors, companies can keep their investments in these areas very low (Hendry, J:2005).

Apart from the financial benefits associated, another reason why companies outsource work is to have processes delivered by teams that have operational expertise in the outsourced process.

Outsourcing gives companies access to world-class capabilities and infrastructure in the outsourced function (Hofstede, Geert 2010).

One of the key reasons why outsourcing has become a necessity is the shortage of talent in countries like the U.S. and UK. As the previous generation of workers approach retirement, there are precious few newcomers coming in to fill the skills pipeline. The obvious outcome of this acute talent shortage is an increased demand for skills wherever they may be available (Cooke, F.2005).

Companies outsource to vendors who have domain expertise in the outsourced process. Their experience in the field translates into greater operational efficiencies for the outsourcing company which in return will help the company to offer superior products or services compared to its competitors and also to enable it incur lower costs in production (Jarvis, A.,2006).

Companies often need to build one time applications. Such ad hoc or one time applications will require which require high manpower resources and companies find that they are faced with the need to ramp up in relatively short time spans. Outsourcing such needs is the best solution for companies that want to avoid expensive outlays for the short term (Abdul-Halim,2009).

One of the most talked about advantages of outsourcing to locations like India is the cheap labor costs in these countries. Processes outsourced to these locations are done at much cheaper rates and same quality levels as in the donor location. This translates into major cost savings for companies. They also save on operational costs such as payroll, administrative costs, HR, power, rentals and utilities as processes move to other locations (Abu-Jarad,2010).

Industries in the U.S. and UK are subject to seasonal fluctuations in work and lack of workers during holidays and off-seasons. One of the advantages of outsourcing such processes to countries like India and Philippines is that companies can deal with peak workloads and poor staff strength during vacations and holidays (Adler, P.2003).

2.3 The effects of outsourcing on organizational performance

Outsourcing or the practice of using outside firms to handle some of your business processes is one of the most common business concepts for entrepreneurs. They are mostly done for cutting

costs, or because no better choice is available. However, there are actually many effects which are both negative and positive that need to be understood so companies can take the most advantage out of this practice.

The best advantage of outsourcing stems from the added savings a company can enjoy. If the same service can be provided at the same level of quality by another firm but for a much lower cost, then any company will have every reason to outsource. For example, services such as call center and customer service, medical billing, transcription, etc. can help save on 60% of total costs (Belcourt, Monica 2006).

Outsourcing can allow you big increases in terms of productivity, profits, level of quality, business performance, business value, and so on. Companies that handle everything in house have to spend more on research, marketing and development, customer service and distribution of expenses. However, outsourcing some procedures will allow your company and employees to concentrate on the core of your business without compromise of the other deemed less important processes. This increase in focus will consequently lead to increase in efficiency and productivity (Bustinza, O. F. D. 2010).

Outsourcing can save you a lot in terms of effort, time, infrastructure and labor costs. Hiring staff and training them for peripheral or short-term project is quite expensive. You also have to invest in fixed investments, and infrastructure costs have increased uncontrollably in the past decade. It also will take some time before the hired employee can start working on the project required, or the infrastructure to be completed. However, with outsourcing, you save your company from all the burdens of manpower and infrastructure. Instead, you can focus all your human resources and infrastructure where they are most efficient, and when they are needed most. The project can also start as soon as possible (Cooper, C. L, 2009).

Outsourcing partners always make quicker deliveries and high-quality services. This can save your company time and win the hearts of your customers, promoting customer trust and loyalty. This is because since they are experts in that field where they are working, it can enable them to offer the services in the quickest period of time (Corby, S. 2008).

Outsourcing will gain your company no less than a competitive edge. Small companies most especially cannot afford to provide the level of support that many large companies maintain. However, even small companies can outsource and enjoy the same efficiency, economies of scale, and expertise that large corporations enjoy (Daft Richard L.,2000).

There are countless benefits of outsourcing, making it a very strategic business practice. Remember though that outsourcing is not just about saving on costs, but bringing your company long term profitability and opportunities for growth. This is because the company that will be assigned to deliver the services will apply a lot of expertise that can help the organization to improve on its productivity and margin (Day,2008).

Rules and regulations governing complex activities and financial planning often require administration by individuals with superior levels of industry-related training and education. Employing a reputable and experienced vendor to handle these duties on behalf of your company may result in more accurate, detailed services than could be provided by an in-house staff. Representatives of major insurance companies receive ongoing training and education about the products they service and are typically knowledgeable about new products and industry changes (Delmotte, J.,2008).

Health and financial matters tend to be sensitive issues which employees may not feel comfortable talking about with a benefit-coordinating co-worker they see on a daily basis. Outsourcing benefits allows employees to maintain a sense of privacy, which can also lead to less animosity in the workplace. For example, if an employee is angry about being denied a particular aspect of health care she feels she is entitled to under her plan, she may take her frustrations out on an in-house benefits coordinator, creating a toxic work environment. If benefits are outsourced and she has a neutral outside company representative to deal with, frustrations remain outside the workplace (Dress, G, 2005).

Employers who administer employee benefits in-house may be at legal risk if employees ever decide to litigate over an issue they feel is related to a breach of confidentiality from in-house benefits administrators. For example, if an employee is facing a serious health issue she has kept quiet, and management terminates her employment because of performance issues, she could

potentially charge that she was fired because the company had knowledge of her health issues. Likewise, if an employee who borrows against her 401(k) plan is discharged, she could potentially claim the company was aware of her personal financial struggles. Outsourcing benefits places the burden of confidentiality on the contract vendor (Elmuti, Dean, 2004).

Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when you're done. For example an accounting department that is short-handed during tax season and auditing periods. Outsourcing these functions can provide the additional resources for a fixed period of time at a consistent cost (Elmuti, 2010).

Operations whose costs are running out of control must be considered for outsourcing. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing. In addition, an outsourcing company can bring better management skills to your company than what would otherwise be available (Espino, 2004).

Example: An information technology department that has too many projects, not enough people and a budget that far exceeds their contribution to the organization. A contracted outsourcing agreement will force management to prioritize their requests and bring control back to that area (Padron-Robaina, V, 2005).

Outsourcing restricts confidentiality in an organization in that an outsourcing organization has to ensure that gives the outsourced company all the information concerning the organization activities such that the outsourced organization or company can get the starting point of handling the activities. This leads to giving out information to the outside party which limits confidentiality (Gainey, T, 2003).

In case you do not choose a right partner for outsourcing, some of the common problem areas include stretched delivery time frames, sub-standard quality output and inappropriate categorization of responsibilities. At times it is easier to regulate these factors inside an organization rather than with an outsourced partner (Galanaki, E., 2007).

Although outsourcing most of the times is cost-effective at times the hidden costs involved in signing a contract while signing a contract across international boundaries may pose a serious threat (Giardini, A.Kabst. R, 2008).

An outsourced vendor may be catering to the expertise-needs of multiple organizations at a time. In such situations vendors may lack complete focus on your organization's tasks. This affects the company activities because the outsourced company may fail to perform the activities in the required period of time to meet the outsourcing company (Gilley, K.,2000).

2.4 Ways of improving outsourcing in organizations

Organizations have to ensure that they outsource only non core activities in the organization and they concentrate on the core activities. The core activities of the organization needs special a tension and therefore organizations do not have to outsource such activities in that they can ensure that the handle these activities themselves in the perfect and leave these non core activities to the outsourced firm (Greer, C. R.,2009).

While outsourcing, organizations have to ensure that they use competent and experienced companies that can effectively and efficiently handle the activities in a professional way. This is because while outsourcing, the outsourcing company shifts all the responsibilities to the outsourced company and therefore it's the responsibility of the outsourced company to ensure that the activities are performed well. Therefore outsourcing requires the use of competent firms to handle the activities (Hendry, J:2005).

Outsourcing requires the outsourcing company to come up with clear terms and conditions of the outsourcing such that in case the outsourced company fails to perform according to the expectation, it will be liable for the consequences. This can force the outsourced company to ensure that they perform the activities as expected and therefore it will improve on the outsourcing for the organizations that they hope to outsource (Hofstede, Geert 2010).

In order to improve on the outsourcing, the outsourcing organization has to ensure that they give all the responsibility to the outsourced company concerning the outsourced activities. This responsibility will help the outsourced company to design the procedures to be used in the

management of the activities and this will improve on the services of the outsourced company (Cooke, F. L.;2005).

Clear information and communication systems should be put in place in order such that the outsourcing company can effectively share information with the outsourced company on the issues to do with activities that have been outsourced. This can help the outsourced company to design its activities in that many that can fit the outsourcing company's needs and wants and hence improving on the outsourcing in an organization (Jarvis, A.,2006).

Organizations have to ensure that the activities that are outsourced are the activities that the organization cannot manage effectively and therefore they require other organizations to handle these activities. Those activities that the organization can manage are required to be performed in house and those that the organization cannot manage are the ones that need to be outsourced to other companies which can perform them better (Abdul-Halim, 2009).

The outsourcing company has to ensure that they keep on monitoring constantly the outsourced company such that they perform the activities as required by the organization needs. The outsourcing company has to get a monitoring team and this team is supposed to carry out supervision on the activities performed by the outsourced company such that all the intended needs of outsourcing are met (Abu-Jarad, 2010).

Organizations that wish to outsource or that outsource have to ensure that they come up with clear goals, aims and objectives of involving in outsourcing such that all the activities that are performed by the outsourced company aims at the outsourcing companies objectives. This can help to ensure that the needs of outsourcing are fulfilled by the outsourcing company and also met by the outsourced company which helps to improve on the outsourcing (Adler, P.2003).

Improving on outsourcing needs proper cooperation between the outsourcing company and the outsourced company such that they can easily share ideas and advise on how the activities are supposed to be performed. These ideas that are shared by these companies can help to design the outsourced activities in a professional and experienced manner that can allow efficiency and effectiveness in the activities outsourced (Applebaum, S.,2007).

2.5 The various indicators of effective organizational performance

The level of innovation is a good indicator of organizational performance. Innovation is about finding a better way of doing something. Innovation can be viewed as the application of better solutions that meet new requirements, in-articulated needs, or existing market needs. This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets. An organization that keeps on innovating its products or services is considered to be performing well compared to those that do not innovate their products Belcourt, (Monica ,2006).

The quality of the products is an indicator of an organization performance. In manufacturing, a measure of excellence or a state of being free from defects, deficiencies and significant variations. It is brought about by strict and consistent commitment to certain standards that achieve uniformity of a product in order to satisfy specific customer or user requirements. ISO 8402-1986 standard defines quality as "the totality of features and characteristics of a product or service. Therefore higher qualities of the products or services offered by an organization means that the company is performing well compared to others and on the other side if the quality of the products or services offered by the company is low, it means that the performance of the company is low (Bustinza, O. F. D. 2010).

The level of customer satisfaction is used as an indicator of organizational performance. Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers or percentage of total customers, whose reported experience with a firm's products or services (ratings) exceeds specified satisfaction goals. If the customers are satisfied with the company's services or products, it will mean that the company is performing well compared to when the customers are not satisfied with the company's services (Cooper. C. L.,2009).

The number of customers that an organization has is used as an indicator of organizational performance. Since the customers are the ones that support the company, if the organization has many customers it will mean that the company is performing well compared to others and if the numbers of customers are few, mean that the company is not performing well (Corby, S. 2008).

The level of technological advancement adoption is an indicator of organizational performance. technology in the world is ever increasing day after day and organizations that fail to adapt to such advancement are left lagging behind in that they can not compete favorably or even they cannot perform best in their activities hence poor performance. Organizations that adapt to the new technology have been seen as performing better in their activities because they are able to improve on their activities (Daft, Richard L, 2000).

The profit margin of an organization can also be used as a good indicator of organizational performance in that if the organization is getting enough profits from its activities, it will mean that it is performing well in its activities and if the profit margins of the organization are low, it will mean that the organization is not performing well Day, (George S., 2008).

The number of sales of a company can determine the performance of an organization. Organizations that sales more products to the customers get a lot of revenue and therefore they are able to improve on their performance compared to those that do not sale enough products or that sale few products to the customers (Delmotte, J., 2008).

The rate of fraud existing in an organization can be used as an indicator of organizational performance. If the fraud rate is high in an organization in the different functions of an organization, it will mean that the organization is not performing well and therefore its performance is poor compared to an organization that is experiencing low levels of fraud (Dress, G; 2005).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter mainly focused on the methods and procedures the researcher employed while collecting the required data.

3.1 Research Design

The researcher employed an analytical and descriptive research design and she used both the qualitative and quantitative research approaches. Questionnaires to the selected department were distributed and after the agreed period of time were collected to see the response.

3.2 Study Population

3.2.1 Study Population

The study involved the procurement department, the accounts, Logistics department and the administration.

3.2.2 Sample Size

Using the Krejcie, & Morgan, (1970) table of determining Sample size from a given Population, this Study will use a sample size of 32 respondents and these respondents were got from a population of 35 as illustrated below;

Post/Department	Population	Sample	Sampling method
Procurement	8	8	Purposive Sampling
Logistics	16	15	Purposive Sampling
Accounts	5	4	Purposive sampling
Administration	6	5	Purposive Sampling
Total	35	32	

3.2.3 Sampling Method

The researcher used Purposive Sampling technique where by respondents were selected by the researcher basing on the office they hold and the level of knowledge about the Organisation and the topic of the study as well. The sampling technique was chosen because some information was to be obtained from specific individuals who had expertise in issues to do with Outsourcing.

3.3 Source of Data

The researcher used both primary and secondary sources of data collection.

3.3.1 Primary Data

A primary data source is an original data source that is; one in which the data are collected first hand by the researcher for a specific purpose. This was obtained through the interview guides and questionnaires that were distributed to the 32 respondents and required the respondent to decide on the level of agreement. Likert Scale questions were used because they allow the respondent liberty to express his or her views in details.

3.3.2 Secondary Data

Secondary data was collected from already published entity reports, journals, text books in the company library and university library.

3.4 Data Collection Instruments

The researcher used the following instruments to obtain data from the field.

3.4.1 Questionnaires

These constituted of both likert scale and open ended questions. Open ended questions were designed to capture individual opinions with short questions which required short and direct answers, the likert scale questions were used because most people do not have time to think and answer these questions gave the respondents chance to make the level of agreement on the alternative answers to the questions. These two types of questions were used in order for the researcher to capture all the relevant information to fulfill the objectives. The respondents were given enough time to properly and accurately interpret and understand the questionnaire.

3.4.2 Interview guide

The qualitative data was collected using the interview and here a structured interview was considered with the top management. Interview was used due to certain officers who do not have time to answer the questions.

3.5 Validity and Reliability

The validity and reliability of the tools to be used in the data collection exercise was confirmed in that these tools were first approved by the supervisor of the research to assess if the tools can capture the required information to fill the study objectives and purpose.

A pilot study then carried out to test whether the tools were successful and this was done in other entities not the case study that was used. After all this the researcher was sure of the validity and reliability of the tools.

3.6 Ethical consideration

The researcher ensured that the information got was treated with utmost confidentiality and it was only shared with the researcher team only.

3.7 Data Processing, Presentation and Analysis Techniques

The quantitative data was coded, edited and processed to come up with the meaning.

Data Editing; This involved the use of Microsoft word to arrange the data in the right order to allow more analyses. **Data Sorting;** The edited data was sorted out by the method of data collection used and by data source for easy understanding and analyze. **Data Coding;** This was done by use of tallying on the information that was got from the respondents.

Data Processing; This involved the use of percentages that were got from the frequency, Tables and statistical graphs like pie charts and bar graphs.

3.8 Limitation of the Study

The research faced the following hindrances:

The financial constraints limited the researcher because the researcher needed to transport herself to and from the company, printing, stationery, binding among others. This was solved by soliciting funds from friends and relatives to allow finish the exercise.

The study was given little time and it was difficult for the researcher to coordinate both research and semester course programs. This was solved by balancing the limited time efficiently that is drawing a timetable to be followed and the use of questionnaire method which did not require physical presence all through the exercise.

The respondent's unwillingness to give the required information to the researcher was a limitation where by some information was confidential and the respondent could not reveal it out to the researcher. This was solved by trying to convince them that the information is entirely only for study purposes and not any other use.

The researcher faced a challenge of the respondents failing to answer questions due to lack of actual knowledge. This was solved by giving them more of likert scale questions where they were at liberty to tick on the alternatives and little was called for on the open ended questions.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the research objectives and findings obtained from the questionnaires that were distributed to the 32 respondents from different departments in Crown Beverages Limited. The presentation is in table form, showing frequencies and interpreted in form of percentages.

4.1 Personal Data and General Characteristics and Respondents

Below are the tables that present the opinions and views of the respondents that were obtained from the questionnaires that were distributed. It includes the interpretation on the Biodata of the respondents and the objectives of the study which were set in Chapter one.

Table 4.1: Showing the Sex of the respondents

Sex	Frequency	Percentage (%)
Male	18	56
Female	14	44
Total	32	100

Source: Primary Data

The table 4.1 above reveals that majority of the respondents 18(56 %) were male while the minority of the respondents 14(44%) were females. This implies that the findings were sourced from a gender sensitive sample whereby respondents were got from at least each gender other than concentrating on one gender.

Table 4.2: Showing the age brackets of the respondents

Age Brackets	Frequency	Percentage (%)
20-29	4	13
30-39	10	31
40-49	15	47
50 and above	3	9
Total	32	100

Source: Primary Data

The table 4.2 above shows that that majority of the respondents were between the ages of (40-49) and these were represented with a percentage of (47%) this was followed with those between the ages of (30-39) years with a percentage of (31%) . those who were between the ages of (20-29) were with the percentage of (13%) while the minority were 50 years and above with a percentage of (9%). This implies that organization conforms to The Employment Act and Labour Policy which stipulates that for someone to be employed, must be above 18 years of age as per the 1995 constitution of Uganda, thus the information is reliable.

Table 4.3: Showing the department/position of the respondents

Department/Position	Frequency	Percentage (%)
Procurement	8	25
Logistics	15	47
Accounts	4	12
Administration	5	16
Total	32	100

Source: Primary Data

The above table 4.3 shows that the majority of the respondents (47%) were from the logistics department, followed by (25%) from the procurement department, (16%) were from the administration while the minority (12%) were from the accounts department. This implies that most of the information was got from the logistics and Procurement department who are the key players in issues to do with Outsourcing.

Table 4.4: Showing the department/position of the respondents

Department/Position	Frequency	Percentage (%)
Post Graduate	3	9
Undergraduate	20	63
Diploma	7	22
Others	2	6
Total	32	100

Source: Primary Data

The above table 4.4 shows that the majority of the respondents (63%) were undergraduates, this was followed by (22%) who were diploma holders, (9%) were post graduates while the minority (6%) were having other qualifications like ACCA and CIPs. This implies that the Organization was got from qualified peoples who had the skills and expertise in the Organization roles thus the information was authentic.

Table 4.5: showing the number of years the respondent had spent in the entity

Number Of Years	Frequency	Percentage (%)
1-5	4	13
6-10	4	13
11-14	10	31
15 and above	14	43
Total	80	100

Source: Primary Data

The above table 4.4 shows that the majority of the respondents had spent 15 years and above this is represented with a percentage of (43%), this was followed with those who have spent between 11-14 years with the same percentage of (31%), while the minority had spent between 6-10 years and 1-5 years in the entity and were both tied up with the same percentage of (13%). This implies that most of the respondents had spent enough time serving the organization and they have sufficient knowledge about the entity's activities, drawbacks, the remedies and the achievements hence the information given was reliable.

4.2 Reasons for Outsourcing in Organizations

Under this objective, the researcher focused on analyzing the data that was got from the 32 respondents concerning thereasons for Outsourcing in Crown Beverages Limited.

Table 4.6: Showing the reasons for Outsourcing in Crown Beverages Limited.

	Strongly agree	Agree	Not sure	disagree	Strongly disagree
	1	2	3	4	5
Focusing on their core competency	32(100%)	-	-	-	-
Ability to cut back on the amount of money they pay for accomplishing particular services	30(94%)	2(6%)	-	-	-
Advancement in technology	29(91%)	3(9%)	-	-	-
Migrating to newer technologies	26(81%)	6(19%)	-	-	-
Have processes delivered by teams that have operational expertise	31(97%)	1(3%)	-	-	-
Shortage of talent in countries	30(94%)	2(6%)	-	-	-
Availability of cheap labor costs in some countries	29(91%)	3(9%)	-	-	-
Avoidance of risks	30(94%)	2(6%)	-	-	-

Source: Primary Data

The table 4.6 above revealed that all the respondents that took part in the study (100%) strongly agreed that focusing on core competency is the reason for Outsourcing in Crown Beverages Limited.

(94%) strongly agreed that ability to cut back on the amount of money they pay for accomplishing particular services is the reason for Outsourcing in Crown Beverages Limited and (6%) agreed. (91%) strongly agreed that advancement in technology is the reason for Outsourcing in Crown Beverages Limited and (9%) agreed. (81%) strongly agreed that migrating to newer technologies is the reason for Outsourcing in Crown Beverages Limited and (19%) agreed.

(97%) strongly agreed that having processes delivered by teams that have operational expertise is the reason for Outsourcing in Crown Beverages Limited and (3%) agreed.

(94%) strongly agreed that shortage of talent in countries is the reason for Outsourcing in Crown Beverages Limited and (6%) agreed. (91%) strongly agreed that availability of cheap labor costs in some countries is the reason for Outsourcing in Crown Beverages Limited and (9%)

agreed.(94%) strongly agreed that avoidance of risks is the reason for Outsourcing in Crown Beverages Limited and (6%) agreed.

This implies that focusing on core competency is the reason for Outsourcing in Crown Beverages Limited. the company has decided to outsource such that they give more time and resources to the core activity.

4.3 Effects of Outsourcing on Organizational Performance

Under this objective, the researcher focused on analyzing the data that was got from the 32 respondents concerning the effects of Outsourcing performance of Crown Beverages Limited.

Table 4.7: Showing the effects of Outsourcing on performance of Crown Beverages Limited.

	Strongly agree	Agree	Not sure	disagree	Strongly disagree
	1	2	3	4	5
Savings to a company	28(88%)	4(12%)	-	-	-
Big increases in terms of productivity, profits, level of quality, business performance, business value, and so on	30(94%)	2(6%)	-	-	-
Saves a lot in terms of effort, time, infrastructure and labor costs	31(97%)	1(3%)	-	-	-
Quicker deliveries and high-quality services	30(94%)	2(6%)	-	-	-
Increases on a competitive edge	29(91%)	3(9%)	-	-	-
long term profitability and opportunities for growth	24(75%)	8(25%)	-	-	-
Result in more accurate, detailed services than could be provided by an in-house staff	30(94%)	2(6%)	-	-	-
Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when you're done	26(81%)	6(19%)	-	-	-
Outsourcing restricts confidentiality	27(84%)	5(16%)	-	-	-
Sub-standard quality output	24(75%)	8(25%)	-	-	-
lack of complete focus on your organization's tasks	28(88%)	4(12%)	-	-	-

Source: Primary Data

The table 4.7 above revealed (88%) of the respondents strongly agreed that Savings to a company is effect of Outsourcing on performance of Crown Beverages and(12%) agreed.

(94%) of the respondents strongly agreed that big increases in terms of productivity, profits, level of quality, business performance, business value, and so on is effect of Outsourcing on performance of Crown Beverages and(6%) agreed.

(97%) of the respondents strongly agreed that saving a lot in terms of effort, time, infrastructure and labor costs is effect of Outsourcing on performance of Crown Beverages and(3%) agreed.(94%) of the respondents strongly agreed that Quicker deliveries and high-quality services is the effect of Outsourcing on performance of Crown Beverages and(6%) agreed.

(91%) of the respondents strongly agreed that increasing on a competitive edge is the effect of Outsourcing on performance of Crown Beverages and(9%) agreed.

(75%) of the respondents strongly agreed that long term profitability and opportunities for growth is the effect of Outsourcing on performance of Crown Beverages and(25%) agreed.

(94%) of the respondents strongly agreed with result in more accurate, detailed services than could be provided by an in-house staff as the effect of Outsourcing on performance of Crown Beverages and(6%) agreed.(81%) of the respondents strongly agreed that outsourcing allows operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when you're done as the effect of Outsourcing on performance of Crown Beverages and(19%) agreed.(84%) of the respondents strongly agreed that outsourcing restricts confidentiality as the effect of Outsourcing on performance of Crown Beverages and(16%) agreed. (75%) of the respondents strongly agreed that Sub-standard quality output is the effect of Outsourcing on performance of Crown Beverages and (25%) agreed.

(88%) of the respondents strongly agreed that lack of complete focus on your organization's tasks is the effect of Outsourcing on performance of Crown Beverages and (12%) agreed.

This implies that outsourcing has helped Crown Beverages Limited to save a lot in terms of effort, time, infrastructure and labor costs and this has helped the company to improve on its performance.

4.4 Ways of Improving Outsourcing

Under this objective, the researcher focused on analyzing the data that was got from the 32 respondents concerning theways of Improving Outsourcing in Crown Beverages Limited.

Table 4.8: Showing the ways of Improving Outsourcing in Crown Beverages Limited.

	Strongly agree	Agree	Not sure	disagree	Strongly disagree
	1	2	3	4	5
Outsource only non core activities	30(94%)	2(6%)	-	-	-
Use competent and experienced companies that can effectively and efficiently handle the activities in a professional way	29(91%)	3(9%)	-	-	-
coming up with clear terms and conditions of the outsourcing	27(84%)	5(16%)	-	-	-
Ensure that they give all the responsibility to the outsourced company concerning the outsourced activities	25(78%)	7(22%)	-	-	-
Clear information and communication systems should be put in place	28(87%)	4(13%)	-	-	-
Ensure that the activities that are outsourced are the activities that the organization cannot manage effectively	26(81%)	6(19%)	-	-	-
Monitoring constantly the outsourced company	29(91%)	3(9%)	-	-	-
Coming up with clear goals, aims and objectives of involving in outsourcing	27(84%)	5(16%)	-	-	-
Proper cooperation between the outsourcing company and the outsourced company	28(88%)	4(12%)	-	-	-

Source: Primary Data

The table 4.8 above revealed (94%) of the respondents strongly agreed that Outsource only non core activities is the way of Improving Outsourcing in Crown Beverages Limited and (6%) agreed. (91%) of the respondents strongly agreed that use of competent and experienced companies that can effectively and efficiently handle the activities in a professional way is the way of Improving Outsourcing in Crown Beverages Limited and (9%) agreed.

(84%) of the respondents strongly agreed that coming up with clear terms and conditions of the outsourcing is the way of Improving Outsourcing in Crown Beverages Limited and (16%) agreed.

(78%) of the respondents strongly agreed that ensuring that they give all the responsibility to the outsourced company concerning the outsourced activities is the way of Improving Outsourcing in Crown Beverages Limited and (22%) agreed. (87%) of the respondents strongly agreed that putting information and communication systems in place as the way of Improving Outsourcing

in Crown Beverages Limited and (13%) agreed. (81%) of the respondents strongly agreed that ensuring that the activities that are outsourced are the activities that the organization cannot manage effectively is the way of Improving Outsourcing in Crown Beverages Limited and (19%) agreed. (91%) of the respondents strongly agreed that monitoring constantly the outsourced company is the way of Improving Outsourcing in Crown Beverages Limited and (9%) agreed. (91%) of the respondents strongly agreed that monitoring constantly the outsourced company is the way of Improving Outsourcing in Crown Beverages Limited and (9%) agreed. (84%) of the respondents strongly agreed that coming up with clear goals, aims and objectives of involving in outsourcing is the way of Improving Outsourcing in Crown Beverages Limited and (16%) agreed.

(88%) of the respondents strongly agreed that Proper cooperation between the outsourcing company and the outsourced company is the way of Improving Outsourcing in Crown Beverages Limited and (12%) agreed. This implies that Crown Beverages Limited has ensured that they outsource only non core activities and concentrated on the core activities.

4.5 The Various Indicators of Effective Organizational Performance

Under this objective, the researcher focused on analyzing the data that was got from the 32 respondents concerning the various indicators of effective organizational performance in Crown Beverages Limited.

Table 4.9: Showing the various indicators of effective performance in Crown Beverages Limited

	Strongly agree	Agree	Not sure	disagree	Strongly disagree
	1	2	3	4	5
The level of innovation	31(97%)	1(3%)	-	-	-
The quality of the products	30(94%)	2(6%)	-	-	-
The level of customer satisfaction	29(91%)	3(9%)	-	-	-
The number of customers	30(94%)	2(6%)	-	-	-
The level of technological advancement	28(88%)	4(12%)	-	-	-
The profit margin of an organization	26(81%)	6(19%)	-	-	-
The number of sales of a company	27(84%)	5(16%)	-	-	-
The rate of fraud existing in an organization	25(78%)	7(22%)	-	-	-

Source: Primary Data

The table 4.9 above revealed (97%) of the respondents strongly agreed that level of innovation is the indicator of effective performance in Crown Beverages Limited and (3%) agreed.

((94%) of the respondents strongly agreed that quality of the products is the indicator of effective performance in Crown Beverages Limited and (6%) agreed. (91%) of the respondents strongly agreed that level of customer satisfaction is the indicator of effective performance in Crown Beverages Limited and (9%) agreed. (94%) of the respondents strongly agreed that the number of customers is the indicator of effective performance in Crown Beverages Limited and (6%) agreed.

(88%) of the respondents strongly agreed that level of technological advancement is the indicator of effective performance in Crown Beverages Limited and (12%) agreed.

(81%) of the respondents strongly agreed that profit margin of an organization is the indicator of effective performance in Crown Beverages Limited and (19%) agreed.

(84%) of the respondents strongly agreed that number of sales of a company is the indicator of effective performance in Crown Beverages Limited and (16%) agreed. (78%) of the respondents strongly agreed that rate of fraud is the indicator of effective performance in Crown Beverages Limited and (22%) agreed.

This implies that Crown Beverages Limited has been able to determine its performance basing on the levels of innovation it makes in the services and products .

CHAPTER FIVE

SUMMARY CONCLUSIONS, DISCUSSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussions of the findings that were interpreted in chapter four.

5.1 Summary Conclusion

In a view of the findings obtained, the researcher concluded by saying that the company has engaged in outsourcing so as to concentrate on the core activities and get other companies to perform the non core activities.

It was also concluded that ever since the company adopted the outsourcing it has been able to save a lot in terms of effort, time, infrastructure and labor costs and this has helped the company to improve on its performance.

The company has been able to improve on the outsourcing by ensuring that they outsource only the non core activities that do not affect the overall performance of the company. Finally it was seen that the company has been able to determine how it is performing in the activities by considering the level of innovation in its activities.

5.2 Discussion of the Findings

Below is the discussion of the three objectives that were used in the study.

5.2.1 Reasons for Outsourcing in Organizations.

Objective one, results from the data obtained revealed that focusing on core competency is the reason as to why Crown Beverages Limited has adopted the Outsourcing and this was represented with the biggest percentage of (100%) in table 4.6. This analysis is in line with (Papalexandris, N. (2007) who stated that companies that outsource certain routine functions to offshore experts are capable of focusing on their core competency. In rapid growth periods, the back-office operations of a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office. Before outsourcing caught on in such a big way, healthcare practices had to deal with functions like transcription, medical billing and claims processing which consumed a lot of their time and

resources. However, now by outsourcing these processes to external locations these practice are able to focus on their primary concern.

5.2.2 The Effects of Outsourcing on Organizational Performance.

The results revealed that outsourcing has helped Crown Beverages Limited to save a lot in terms of effort, time, infrastructure and labor costs and this has helped the company to improve on its performance and this is represented with the biggest percentage of respondents (97%) in table 4.7. This analysis is in line with (Cooper, C. L., 2009) who said that Outsourcing can save you a lot in terms of effort, time, infrastructure and labor costs. Hiring staff and training them for peripheral or short-term project is quite expensive. You also have to invest in fixed investments, and infrastructure costs have increased uncontrollably in the past decade. It also will take some time before the hired employee can start working on the project required, or the infrastructure to be completed. However, with outsourcing, you save your company from all the burdens of manpower and infrastructure. Instead, you can focus all your human resources and infrastructure where they are most efficient, and when they are needed most. The project can also start as soon as possible.

5.2.3 Ways of Improving Outsourcing

Basing on the objective results in chapter four, it reveals that outsourcing only non core activities is the way of Improving Outsourcing in Crown Beverages Limited and this was represented with the biggest percentage of respondents (94%) in table 4.8. This analysis is in line with (Greer, C. R., 2009) who asserted that organizations have to ensure that they outsource only non core activities in the organization and they concentrate on the core activities. The core activities of the organization needs special a tension and therefore organizations do not have to outsource such activities in that they can ensure that the handle these activities themselves in the perfect and leave these non core activities to the outsourced firm.

5.2.4 The Various Indicators of Effective Organizational Performance

The findings revealed that level of innovation is the indicator of effective performance in Crown Beverages Limited and this was represented with the biggest percentage of respondents (97%) in table 4.9. This is in line with (Belcourt, Monica 2006) who asserted that the level of innovation is a good indicator of organization .Innovation is about finding a better way of doing something.

Innovation can be viewed as the application of better solutions that meet new requirements, in-articulated needs, or existing market needs. This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets. An organization that keeps on innovating its products or services is considered to be performing well compared to those that do not innovate their products.

5.3 Summary of the Findings

The following were the key findings of the study in accordance with the data collection tools that were used that is the interview method and the questionnaire method and were in line with the objectives of the study.

- 1) The results from both data collection tools revealed that focusing on core competency is the reason as to why Crown Beverages Limited has adopted the Outsourcing.
- 2) The findings revealed that outsourcing has helped Crown Beverages Limited to save a lot in terms of effort, time, infrastructure and labor costs and this has helped the company to improve on its performance.
- 3) The result revealed that outsourcing only non core activities is the way of Improving Outsourcing in Crown Beverages Limited.
- 4) Level of innovation was seen as the indicator of effective performance in Crown Beverages Limited.

5.4 Recommendations

The researcher put forward the following recommendations.

- 1) The company should ensure that they outsource only from competent firms that can help them achieve the desired benefits.
- 2) Proper communication systems should be put in place so as to effectively share information between the outsourced firm and the Crown Beverages Limited
- 3) The company should ensure that they give all the relevant information to the outsourced firm so as to help it design the right procedures to handle the activities.
- 4) The company should ensure that it puts in place strict terms on the outsourced company such that it can perform the required activities in the right way.

- 5) The company should ensure that outsource to companies that are near such that they can propel monitor the outsourced activities.

5.5.Areas of Further Reasearch

- The impact of Outsourcing on Profitability of a firm
- The Challenges faced in Outsourcing
- The impact of outsourcing on organizational effectiveness

REFERENCES

Abdul-Halim, H.; Che-Ha, N. (2009), 'The influence of business strategy on the decision to outsource human resource activities: A study of Malaysian manufacturing organizations', *Journal of Human Resource Costing & Accounting*, Vol 13, No: 4, 2009.

Abu-Jarad, Ismael Younis, Nor'AiniYusof, DavoudNikbin (2010), "A Review Paper on Organizational Culture and Organizational Performance", *International Journal of Business and Social Science*, Vol. 1, No. 3, pp. 26-46.

Adler, P. (2003), 'Making the HR Outsourcing Decision', *MIT Sloan Management Review*, Fall, Vol 45, No 1, 53-59.

Applebaum, S., Simpson, R., Shapiro, B. (2007), 'The Tough Test of Downsizing', *Organizational Dynamics*, 16, 2, 68-79.

Belcourt, Monica (2006), "Outsourcing - The benefits and the risks", *Human Resource Management Review*, Vol. 16, pp.269-279.

Bustanza, O. F. D. Arias-Aranda, L. Gutierrez-Gutierrez (2010), "Outsourcing, competitive capabilities and performance an empirical study in service firms",

Cooper, C. L., (2009), 'Can We Live With the Changing Nature of Work', *Journal of Managerial Psychology*, 14, 569-572

Corby, S. (2008), 'Industrial Relations in Civil Service Agencies: Transition or Transformation', *Industrial Relations Journal*, 29,3, 194-207

Daft, Richard L. (2000), *Organization Theory and Design* (7th ed.), South- Western College Publishing, Thomson Learning, U.S.A.

Day, George S., Robin Wensly (2008) 'Assassing Advantage: A Framework Diagnostic Competitive Superiority', *Journal of Marketing*, 52, 1-20

Delmotte, J., Sels, L. (2008), 'Outsourcing: Threat or Opportunity?', *Personnel Review*, Vol 37, No: 5, 543-563

Dress, G; Gupta, A; Hennat, J., Hill, C. (2005), 'Conducting and Integrating Strategy Research at International, Corporate, and Business Level.

Elmuti, Dean (2004), "The Perceived Impact of Outsourcing on Organizational Performance", *Mid-American Journal of Business*, Vol. 18, No. 2, pp.33-42

Elmuti, Dean; Julian, Grunewald; Dereje, Abebe (2010), 'Consequences of outsourcing strategies on employee quality of work life, attitudes, and performance', *Journal of Business Stratejies*, 27, 2

Espino-Rodriguez, Tomas F., Victor Padron-Robaina (2004), "Outsourcing and its impact on operational objectives and performance: a study of hotels in the Canary Islands", *Hospitality Management*, Vol. 23, pp.287-306

Espino-Rodriquez, T. F., Padron-Robaina, V.(2005), 'A resource- based view of outsourcing and its implications for organizational performance in the hotel sector', *Tourism Management*, 26, 707-721

Gainey, T., Klass, B. (2003), 'The Outsourcing of Training and Development: Factors Impacting Client Satisfaction', *Journal of Management*, 29, 2, 207-229

Galanaki, E. , Papalexandris, N. (2007), 'Internationalization as a determining factor of HRM outsourcing', *Int. Journal of Human Resource Management*, 18, 8, 155

Giardini, A., Kabst, R. (2008) 'Recruitment Process Outsourcing: A scenario study on the acceptance of outsourcing in Personnel selection', *Zeitschrift für Personalforschung*, 22, 4, 370-387

Gilley, K. Matthew, Abdul A. Rasheed (2000), "Making more by doing less: analysis of outsourcing and its effects on firm performance" *Journal of Management*, Vol. 26, No. 4, pp.763-790

Gilley, K. Matthew, Charles R. Greer, Abdul A. Rasheed (2004), "Human resource outsourcing and organizational performance in manufacturing firms", *Journal of Business Research*, Vol. 57, pp.232-240

Greer, C. R., Youngblood, S. A., Gray, D. A. (2009), 'Human Resource Management Outsourcing: The Make or buy decision', *The Academy of Management Executive*, Aug. 13, 3, 85-96

Hendry, J: (2005), 'Culture, Community and Networks: The Hidden Cost of Outsourcing', *European Management Journal* Vol 13, No 2, 193-200

Hofstede, Geert (2010). *Culture's Consequences: International Differences in Work-related Values*, Ververly Hills, California: Sage International Journal of Production Economics, Vol. 126, pp. 276-288

Cooke, F. L.; Shen, J., McBride, A: (2005), Outsourcing as a competitive strategy? A literature review and an assessment of implications', *Human Resource Management*, Vol 44, No: 4, 413-432

Jarvis, A., Mills, S., Desai, A., Subramony, M., Sridhar, B.S. (2006), 'Employee Reactions to Outsourcing: Development of Attitudes toward Outsourcing (ATO) Scale', *Competition Forum*, 4, 2, 405-413

APPENDIX 1 QUESTIONNAIRE

Dear respondent,

I am **Kamukama Patience**, a student of Kampala International University pursuing a Bachelors degree in Supply and Procurement Management carrying out research entitled "*The impact of outsourcing on Organizational Performance*" with a case study of Crown Beverages Uganda Limited. This information is entirely for academic purposes therefore will be kept confidential

Kindly feed in the information

INSTRUCTIONS

- Please tick the appropriate responses.
- Fill in the blank spaces where necessary

SECTION A: PERSONAL DATA

1 Gender of the respondent

(i) Male ☐

(ii) Female ☐

2. What is your department/position?

.....

3. Age bracket of the respondent

20-29years. ☐ 30-39 year ☐ 40-49 years ☐ 50 years and above ☐

4. Education level

Post graduate ☐ under Graduate ☐ Diploma ☐ others ☐ ify

5. Years spent at the organization

1-5years. ☐ 6-10years. ☐ 11-14years. ☐ 15 and above years ☐

In the following sections, please tick your level of agreement in reference to the statement as illustrated below. As one moves away from 1 towards 5 it shows a reduction in the level of agreement to the question

1=strongly agree 2=Agree 3=Not sure 4= Disagree 5=strongly disagree

SECTION B:

REASONS FOR OUTSOURCING IN ORGANIZATIONS

1. The reason for outsourcing in your Crown Beverages Limited are;

Statement					
	1	2	3	4	5
Focusing on their core competency					
Ability to cut back on the amount of money they pay for accomplishing particular services					
Advancement in technology					
Migrating to newer technologies					
Have processes delivered by teams that have operational expertise					
Shortage of talent in countries					
Availability of cheap labor costs in some countries					
Avoidance of risks					

SECTION C:

THE EFFECTS OF OUTSOURCING ON ORGANIZATIONAL PERFORMANCE

1. The effects of outsourcing on organizational performance are;

Statement					
	1	2	3	4	5
Savings to a company					
Big increases in terms of productivity, profits, level of quality, business performance, business value, and so on					
Saves a lot in terms of effort, time, infrastructure and labor costs					
Quicker deliveries and high-quality services					
Increases on a competitive edge					
long term profitability and opportunities for growth					
Result in more accurate, detailed services than could be provided by an in-house staff					
Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when you need them and release them when you're done					
Outsourcing restricts confidentiality					
Sub-standard quality output					
lack of complete focus on your organization's tasks					

SECTION D:

WAYS OF IMPROVING OUTSOURCING

Outsourcing can be improved through the following;

Statement					
	1	2	3	4	5
Outsource only non core activities					
Failure to sign the ethical code of conduct					
Use competent and experienced companies that can effectively and efficiently handle the activities in a professional way					
coming up with clear terms and conditions of the outsourcing					
Ensure that they give all the responsibility to the outsourced company concerning the outsourced activities					
Clear information and communication systems should be put in place					
Ensure that the activities that are outsourced are the activities that the organization cannot manage effectively					
Monitoring constantly the outsourced company					
Coming up with clear goals, aims and objectives of involving in outsourcing					
Proper cooperation between the outsourcing company and the outsourced company					

SECTION E:

THE VARIOUS INDICATORS OF EFFECTIVE ORGANIZATIONAL PERFORMANCE

The various indicators of effective organizational performance are;

Statement					
	1	2	3	4	5
The level of innovation					
The quality of the products					
The level of customer satisfaction					
The number of customers					
The level of technological advancement					
The profit margin of an organization					
The number of sales of a company					
The rate of fraud existing in an organization					

Thanks for your cooperation.

APPENDIX II

INTERVIEW GUIDE

Introduction

I want to thank you for taking the time to meet with me today.

I am **Kamukama Patience**, a student of Kampala International University and I would like to share with you about Outsourcing but specifically I would like to examine the impact of outsourcing on organizational performance.

.....
Interviewee

.....
Date

Questions

- 1) Why do organizations choose outsourcing?
- 2) What are the effects of outsourcing on organizational performance?
- 3) How can outsourcing be improved in organizations?
- 4) What are the various indicators of effective organizational performance

Thanks for your time