

**FACTORS AFFECTING BUSINESS PROCESSING
OUTSOURCING STRATEGY: A CASE STUDY EAST
AFRICA BREWERIES LIMITED**

BY

CHARLES WAHOME

**UNITED STATES INTERNATIONAL UNIVERSITY -
AFRICA**

SUMMER 2017

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**A Research Project Proposal Submitted to the Chandaria
School of Business in Partial Fulfilment of the Requirement for
the Award of the Degree of Master of Business Administration
(MBA)**

**UNITED STATES INTERNATIONAL UNIVERSITY -
AFRICA**

SUMMER 2017

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the United States International University in Nairobi for academic credit.

Signed: _____

Date: _____

Charles Wahome (ID)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _____

Date: _____

Dr. Juliana M. Namada

Signed: _____

Date: _____

Dean, Chandaria School of Business

ABSTRACT

The general purpose of this study was to determine factors affecting business processing outsourcing at East Africa Breweries Limited. The study was guided by three research questions which are: how does organizational culture affect implementation of business processing outsourcing in East African Breweries Limited? How does the management style affect implementation of business processing outsourcing in East African Breweries Limited? and how does the service provider affect implementation of business processing outsourcing in East African Breweries Limited?

A descriptive research was used. The research used questionnaires to collect data. The target population was 835 respondents from East African Breweries Limited. 418 questionnaires were distributed and only 400 were filled and returned. Data was analysed using both descriptive and inferential statistics by using Statistical Package for the Social Sciences SPSS and the results were presented in figures and tables.

Findings based on the first research question revealed that majority of respondents agreed that they are aware of organizational culture, organizational culture affects implementation of business process outsourcing. However there was uncertainty on relationship the organization has with their service provider affects business processing outsourcing implementation, employees adopt well to change, and employees believe change is inevitable. In addition, respondents disagreed that organizational culture is compatible with service provider's culture and organizational culture is considered before outsourcing.

Findings based on the second research question established that there was uncertainty on management have the right capabilities and is committed to handle business processing outsourcing implementation, management offers guidance to employee and handle disputes arising. However, respondents disagreed that the organization has experienced difficulty in obtaining organizational support on outsourcing activities.

Findings based on the third research question revealed that there was uncertainty on distance of service provider location from that of East African Breweries Limited affects service delivery, organization has mechanism in place that create conducive environment for knowledge transfer, service providers have invested time to ensure a good relationship with the organization, organization has changed vendors as a result of performance and service provider objectives are aligned with the firm's objectives,. However, respondents

disagreed on capability of service providers has resulted into competitive advantage for the and service provider understands the firm's business operation and environment well

The study concluded that the organization has organizational culture but the employees are not aware. In addition, before outsourcing the organizations considers their culture and ensures that decisions are in line with their culture. However, the relationship that the organization has with its service providers affects the implementation of business processing outsourcing and employees do not adopt well to change. East African Breweries Limited does not have the right managers, who are committed and have required capabilities to handle implementation of business processing outsourcing, manage dispute during the implementation process and negative outcome has resulted due to outsourcing. The organization does not have mechanism in place to easily transfer knowledge; service providers have not created time to ensure that they have a good relationship with East African Breweries Limited hence leading to East African Breweries Limited changing vendors.

The study recommended that East African Breweries Limited should ensure its culture and service providers culture are compatible, involve employees in the implementation, managers are committed, offer guidance, include employees in the implementation process, have easy access to their service provider, ensure that their objective is in line with service providers objective outsource service providers that are able to perform task effectively and understand East African Breweries Limited business operation and environment. It is recommended that a similar study should be done to identify if factors identified affects other company during business processing outsourcing and also to identify other factors that affects business processing outsourcing.

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Lastly I want to acknowledge the EABL staff for the support they accorded me during the study.

DEDICATION

I wish to thank my Wife, daughter and Son. To them I dedicate this proposal

May God the Almighty bless you all for the support and contribution.

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ABBREVIATIONS AND ACRONYMS

SPSS:	Statistical Package for the Social Sciences
ANAD's:	Adult Non-Alcoholic Drinks
BPO:	Business process out sourcing.
EABL:	East Africa Breweries Limited
KBL:	Kenya Breweries Limited
NSSF:	National Social Security Fund

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

According to Adam Smith in his book “the wealth of Nations” Business process outsourcing (BPO) practice can be traced back to the 1700s, it started out with manufacturing industry where manufacturing of goods was shifted to countries with cheaper labour during the industrial revolution (Robinson, Lowes, Loughran, Moller, Shields & Klein, 2008). Between the 15th and 21st century land, sea and air transport developed greatly and this led to industries outsourcing trade to other nations easily. The major reason for outsourcing was largely on reducing cost and the headcount, however over the years this has changed drastically and outsourcing drivers are often strategic (Tiwana & Keil, 2010). The need of specialization and division of labour important has grown, when we have people specializing in specific tasks it makes them more productive than a group of people who are trying to every job well (Shmoop Editorial Team, 2008).

Studies in the US and Germany show that in the US firms embrace BPO in a bid to regain a better position in the market. In Germany on the other hand, BPO was found not to be confined only to firms struggling with high costs but also pursued by well performing firms with high revenue diversification hence conclusion that BPO is used as a strategic element in market differentiation to gain further competitive advantage (Fritsch & Wullenweber, 2007). This is so because firms that undertake BPO’s have had a positive impact on their performance. This is anchored on the argument that, outsourcing enables firms heighten their strategic focus and therefore concentrate their full energies and resources on activities aimed towards promoting the value chain which is the core of their strategies and for which they can create unique values (Thompson, 2007).

Other countries such as India and the Philippines are considered as among the most significant nations to enter the BPO market. They are singled out as economies impacted positively as a result of their experience and contribution especially in offshoring. The two countries are fast growing BPO destinations both emerging as center for outsourcing information technology (IT) software due to experienced and affordable labor structure and personnel competence (Fritsch & Wullenweber, 2007).

The IT industry in India has been in existence since the 1980's, however it's in the 1990s where we have seen outsourcing. It all started with global airlines outsourcing their back office work to India and then IT companies followed (Munoz, 2006). Some of the earliest players in the Indian outsourcing market were American Express, Swissair, Texas Instruments, British Airways and General Electric (Kumar, 2005). Over the years, the industry has built robust processes to offer world class IT software and technology-related services (Munoz, 2006). In the Philippines outsourcing was notable in 1992 with the setup of first contact center by Frank Holz, under the Accenture group, over the years the Philippine has experience immense growth from BPO, in the year 2000 BPO accounted for 0.075% of the country's GDP, by 2012 it accounted for 5.4% of the country's GDP. This was instigated by companies like PeopleSupport and the Convergys Corp from the US who outsourced their businesses to the Philippines and many other international companies opting for business process outsourcing as a strategy (Kumar, 2005;).

Asian countries have been the preferred location for outsourcing activities, in spite of these Africa hasn't been left out in totality. According to Deloitte (2015), South Africa is becoming a favored location for outsourcing services. In the recent past companies like IBM, Fujitsu Siemens, Lufthansa, Virgin, Avis, Sykes and car phone warehouse. This has been made possible by factors such as World-class service levels of call center staff. A broad base of management and service provider expertise, coupled with extensive financial services expertise, particularly in insurance, mortgage and loan processing and collection, Time-zone compatibility with Europe, High rates of fluency in English, coupled with neutral English accents that are easily understood in Western markets, Strong government support, State-backed incentives, such as start-up and expansion grants and discounted telecommunications prices, An advanced and growing technology (Deloitte, 2015).

Other African countries that are BPO centers are Ghana and Mauritius, they have mostly excelled mainly due to the support offered by their government in terms of marketing and tax incentives (Altinkemer *et al.*, 2005). Kenya has however not taken advantage of this despite this industry been earmarked in the Kenyan government vision 2030 paper as one of the greatest creators of jobs.

In Africa, Business Process Outsourcing has helped firms reduce operational costs, access to new technology, lower overheads and drastically reduced capital investments (Saxena

& Shah, 2007), Nigeria companies for instance have restructured so as to improve their competitiveness in the local and international markets, the environment has been very dynamic and turbulent and thus efficiency and improved productivity has to be achieved. This has led to a more strategic approach while outsourcing its operations. Business outsourcing has been a major source of competitive advantage to firms in Nigeria (Cara & Margreba, 2015).

Firms based in Kenya have also adopted BPO as a strategy, this has been as a result of the increased competition from upcoming of local companies and entry of multinational companies. In the recent past local manufacturing firms are slowly outsourcing to local contract manufacturer so as to be able to concentrate in the marketing and distribution of the products (Business Daily, October 2008). This include firms like Unga, Proctor & Gamble, Bidco, and Unilever among others. Despite outsourcing large diffusion, huge business cases and big deals of documentation available on network or press, there is no structured procedure able to support the governing of the evolution of a generic outsourcing process (Fransceschini & Galleto, 2003). Thus, making the implementation of the same a major hurdle. Several researchers have discussed a wide range of risks in outsourcing scenarios, resulting in undesirable outcomes such as unexpected escalated costs, disputes and litigations, lock-ins, and loss of organizational competencies, and loss of control over outsourced functions. When outsourcing is carried out with an offshore vendor it poses additional risks such as cultural differences, language barriers, and geographical and time zone related barriers (Beaumont & Sohal, 2004).

According to Vani *et al.* (2008), the successful strategy will take a long period than it would take to formulate one, this had made it very challenging for managers to successfully achieve the laid down goals. These challenges may include: identification and inclusion of key stakeholders, creating cohesion between both company and employees. Such challenges if not dealt with in time may hinder the achievement of intended purpose of the BPO. Li, Liu, Li and Wu (2008) noted that strategic reasons refocus on innovation and core-competencies. Leading organizations are shrinking their business cycles and tightening feedback loops, and increasing quality standard.

Adoption of new technology is major factor that affect BPO strategy implementation, since adoption of new technology requires a lot of resources which are normally not available (Hassan, 2009). According to Gichohi (2011) majority of firms fails to succeed

in implementation of BPO due to operational management challenges such as control of internal employee's job task functions and outsourced employees job task functions. Eyaa (2009) concluded that management of the organization resources is major factor affecting implementation of BPO in many organizations since many organization have got limited financial and human resources for supporting BPO strategy.

To improve performance in a highly competitive business world, organizations outsource on what they are weak at and instead concentrating their resources on what they do best as a strategic decisions. In the era of 'global market' and 'economy', outsourcing is one of the main pillars of the new way to conceive the relationship among companies. Outsourcing has emerged to be a business strategy that allows business to meet the new demands (Kakabadse & Kakabadse, 2005). Outsourcing is an approach of management by which an organization delegates some non-core functions to specialized and efficient firms to provide on a contractual term. Business Process Outsourcing (BPO) is one of the ways that a firm can remain competitive (Golhar & Deshpande, 2009).

Business Process Outsourcing is thus important for firms' competitiveness to enhance efficiency and thus achieve higher returns on assets through committing less capital Outsourcing is generously used by companies aiming to cost saving and quality improvement, it has also been reported to have both success and failure results for them (Ranganathan & Balaji, 2007). The process of business outsourcing involves firms establishing a contractual relationship and passes the responsibility of executing the business processes to another party. On earlier stages, Business process outsourcing was meant for non- core activities in an organization; however, the core activities human personnel, finance and manufacturing processes are also being outsourced by the firms through organization striking an optimum balance between activities to be outsourced and activities to be retained in-house (Leavy, 2004). This is described as selective BPO and is based on an analysis of costs and benefits, technology/infrastructure availability, and human resource availability. As a result outsourcing strategy is a necessary tool used by many progressive firms (Masaaki *et al.*, 2012).

Business process outsourcing effects on firm performance is to enable firms create unique values by concentrating more energies and resources on value chain activities that are at the core of their strategies and for which they can excel in ease (Handley & Benton, 2013). Other scholars view the distinctive resources gained from the alliance partners as

generating higher rents than those generated independently by the resources of each firm in support for BPO' positive contribution to performance (Thompson, 2007). It's also argued that firms may increase their performance by focusing narrowly on things they do best by allowing outside specialist organizations to concentrate on certain tasks, this has ultimately made adoption of BPO to be common and outsourcing is been viewed as the main source of reducing costs and enhancing efficiency (Ranganathan & Balaji, 2007).

Thus the choice by firms to adopt BPO has been prompted by specific benefits accruing from it, and thus this has lead management to look for avenues to meet the advantage of outsourcing without having to expose the firm (Holcomb & Hitt, 2007). In light to this effect, this method of cutting cost has been met with a lot of opposition citing that the firm is putting critical task vital to the survival of the business to outsiders who have very little understanding and appreciation of how the business works (Jiang & Qureshi, 2005). Assessment of financial impact of BPO has been difficult and has therefore been forced to rely on managers' estimates in place of tangible metrics (Gorzig & Stephan, 2000). PricewaterhouseCoopers (PWC) in Kenya encountered similar challenges in quantifying the benefits of BPO by relying on pioneer studies on financial data which were generally based on perceptual or self-reported data hence the argument that, the difficult in working out true benefits of BPO is due to the fact that, many outsourcing deals are narrowly tailored focusing mainly on cost reduction.

East African Breweries Limited (EABL) was incorporated in 1922 and traded as Kenya Breweries Limited (KBL) until 1936, when it merged with Tanganyika Breweries Limited resulting to change of name to EABL. EABL headquarter is located in Nairobi, Ruaraka. EABL is a public limited company and its majority shareholder consists of, Diageo PLC, Board of trustees NSSF Board, Guinness Overseas Ltd and CFC Stanbic Nominees. EABL is in Nairobi, Kampala and Dar es Salaam securities exchanges. (EABL,2016).

EABL is engaged in branded alcohol beverage business. The Company is involved in marketing, brewing/manufacturing and selling of drinks, malt and barley. The Company offers a collection of brands that range from beer, spirits and adult non-alcoholic drinks (ANADs). The Company's brands include Tusker, Senator Lager, Balozi Lager, Kibo Gold, White Cap Lager, Johnie Walker, Bell Lager, Smirnoff, Chrome Vodka, Snapp, Vat 69, Orijin, Alvaro, and Malta Guinness, among others. The Company's subsidiaries

include Kenya Breweries Limited, Uganda Breweries Limited, Serengeti Breweries Limited, United Distillers Vintners, and East African Maltings Limited. (EABL, 2016).

A BPO strategy faces challenges just like other organizational strategies and therefore a careful consideration has to be taken in order to determine activities to be outsourced (Aron, & Singh, 2005). In EABL, manufacture of alcohol begins on the farm where raw materials are harvested, transported to the factory for manufacturing and other back office operations. For these logistic processes to be managed successful there are a number of support services that are required for instance; security, provision of health services to staff, transport logistics, cleaning services, disposing of waste, catering services, back office services just to mention but a few are been outsourced. The outsourcing is both on-shoring and off-shoring. (Eabl Lifestyle edition March 2016)

In the financials for EABL reported as at December 2016, the company was able to record a 2% increase in after tax profit this was despite the evidence of flat net sales in Kenya (accounts for 70% EABL profit), a slight Jump of 7% in Uganda and decrease profit margins in Tanzania. Further to this there have been four major excise duty increases that had negative impact on bottled beer volumes in the last 5years, the most drastic one was experienced in December 2015 where a 43% rise in duty was done in Kenya," Andrew Cowan, its group managing director and chief executive, said. (Reuters, Company News | Thu Jan 26, 2017)

In spite of this harsh tax regime and tough economic climates EABL still remains profitable, this can be highly attributed to its focus in efficiency and productivity. This has led to increased efficiency.

1.2 Statement of the problem

According to Narayanan (2009) the current competitive business environment has forced organizations to endeavor to outperform one another through adoption and implementation of the necessary competitive strategies and outsourcing is one of this strategies. Outsourcing decision is not solely to bring the cost down but the fundamental objective of the business is to gain and maintain competitive advantage. If a BPO outfit isn't well implemented instead of bringing competitive advantage it exposes the firm negatively i.e. loss of revenue, leakage of confidential information, loss of control of the firm, overdependence on third parties etc. A study by Awino & Mutua, (2014), found that

outsourcing of Business process had a significant positive influence on firms' overall performance. These enormous benefits of BPO has made EABL adopt it as a strategic factor and gain organization competitive advantage. EABL has implemented this strategy however increased competitive product and pricing pressures and unanticipated actions by competitors is impacting EABL market share, increase expenses and hinder growth potential, (EABL, 2016).

A study by Ibukun (2015) focused on the benefits, drivers and challenges companies face in outsourcing their non-core activities and how they achieve performance through effective outsourcing. The study found that outsourcing plays an important role in organizations. A study by Kamar (2015) on implementation of business process outsourcing by government agencies focused on factors to consider while implementing BPO, it found out that management didn't have the capability to effectively implement BPO. A study by Irumbi (2013) on the effect of outsourcing decisions on organizational performance revealed that outsourcing decisions was driven by the desire to improve on cost and operation levels. A study by Ngugi (2009) on business process outsourcing and competitiveness of manufacturing firms listed in the Nairobi stock exchange revealed how suppliers affect implementation, however study failed to explore how the organization culture & Management capabilities pose a risk to implementation of a BPO strategy.

EABL has long outsourced services, most notable is the outsourcing of its supply chain services to DHL in 2011 and outsourcing of its finance back office services to Genpact & Accenture. This has led to improved operation efficiency and cost saving, however full realization of the benefit is yet to be achieved. This could be attributed to the challenges that EABL has faced in the implementation process. EABL has been faced with multiple loss of stock due to theft and breakages as a result of mishandling, the BPO staff lack the capabilities to create value or improve existing process and are only able to perform normal operational activities (EABL Newsletter edition March 2016). This study therefore seeks to fill the research gap by investigating the factors affecting implementation of Business Processing Outsourcing (BPO) As a Strategy by East African Breweries Limited

1.3 Purpose of the study

The purpose of the study is to investigate factors that affect Business Processing Outsourcing (BPO) As a Strategy in East African Breweries Limited

1.4 Research Questions

The study was guided by the following research questions:

- 1.4.1** How does organizational culture affect implementation of BPO in East African Breweries Limited?
- 1.4.2** How does the management style affect implementation of BPO in East African Breweries Limited?
- 1.4.3** How does the service provider affect implementation of BPO in East African Breweries Limited?

1.5 Significance of the Study

A study is conducted for certain reason without which there was no need for conducting a study.

1.5.1 Management and Staff of EABL

The study findings will be useful to the company in developing policies on Business process outsourcing to enhance the firm's financial position and at the same time providing the organization with a competitive advantage over its competitors in production of cheap and quality alcoholic products.

1.5.2 Industry Players

The study also will have a practical contribution since it is intended to provide information on the factors affecting effective implementation of Business process outsourcing at EABL. The findings will be useful to other manufacturing firms to manage challenges that arise when implementing BPO strategy to enhance their performance.

1.5.3 Researchers and Academicians

The study will also be of beneficial to scholars and a source of reference to future researchers on the same topic and other related topics. This due to the fact that the study will contribute to the body of knowledge and stimulate further research in the area of Business Process Outsourcing.

1.5.4 Government Policy Makers

Government policymaker will gain insight on business processing outsourcing in response to changing competitive environment from private sectors. The study would be useful to the when it coming up with regulatory requirements of outsourcing firms in Kenya. The policies designed, would serve as guidelines in assisting the management in knowing what the right factors to ensure superior BPO performance are achieved. Policies designed, would serve as blueprint to management in knowing what the right factors to ensure superior BPO performance are achieved.

1.6 Scope of the Study

The study covers East African Breweries limited subsidiaries in East Africa. The population will include participants across all level of management. The study will take place over a 4 months duration starting in May 2017. The main limitation anticipated is the limited time and very huge sample size. However, to curb this researcher will sent softcopy questionnaires to the respondents.

1.7 Definition of Terms

1.7.1 Business Process Outsourcing

Is a type of outsourcing in which a company outsources non-core business processes to another company and this leads to a close relationship between the customer and outsourcing provider (Chang, 2008).

1.7.2 Outsourcing

Outsourcing means contracting of operations and responsibilities of a specific business function to a third party company or service provider to execute (Hung, 2006).

1.7.3 Strategy

It is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations (Jennings, 2002).

1.7.4 Strategy Implementation

Implementing a strategy is the process through which a set of agreed work philosophies is translated into functional and operational targets (Jennings, 2002).

1.8 Chapter Summary

This chapter is an introduction of the research project and defines the background of the problem and the statement of the problem. It briefly follows with stating the purpose of the study. It has further indicated the research questions that will be used to examine implementation of BPO. The next chapter (Chapter 2) will be reviewing literature in light of factors that affect BPO, following that will be chapter 3 which will cover methodology used in collecting data and analysis of the same.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature based on the research questions. The study also presents the summary of literature. This chapter draws on literature in the area of business process outsourcing and the challenges encountered while adopting the BPO strategies. Secondary material such as books, journals, and articles which carry previous research work on the study topic are analyzed. The material is of importance to this study as it forms a basis for observations which was made during the study in line with the study aims and objectives.

2.2 Organizational Culture and Implementation of Business Process Outsourcing

2.2.1 Organizational Culture

According to Robbins & Judge (2011) organizational culture is related with the value system shared by members of an organization. This value system contains of the main characteristics in which a group of people understand each other and behave. Organizational culture is made of characteristic of people within the organization, organizational ethics, property rights system and organization structure. These elements play a crucial role in the identification of the culture of a company and since language is a form of universal communication the highest percentage of business houses develop their distinct and unique terminologies, acronyms, and phrases Jones (2007). This therefore means that anyone who does not belong to the culture cannot comprehend and the above explanation language has ended up being a way of identification of members and non-members (Scheid, 2011).

The main elements of culture include; values which are the views, goals, as well as philosophies which an organization shares for instance the mission statement of the organization. It is the basis of defining wrong and right in an organization as they are the mental pictures of the reality of an organization. Cases where the predominant belief is that success is founded on meeting customers' demands then behavior that meets the criteria is acceptable regardless of whether it violates procedural rules or not. The values and beliefs works in that it places more energy towards certain actions while discouraging other behavioral patterns (Scheid, 2011). According to Gjuraj, (2013) culture consists of a

group of people living at the same place and having shared attitudes, values, beliefs, assumptions, and behaviour. Organizational culture refers to a system of shared meaning held by members that distinguish the organization from other organizations and the set of key values, assumptions, beliefs, understandings, and norms that members of an organization share (Robbins & Judge, 2007).

It is possible for organizations to manage their culture by getting feedback from the employees to see the level of alignment with the desired culture. The desired culture can be defined then measured through an employee survey (Nag, 2004). The best job thinking is done through deciding to whom and how communication of central messages should be done and executed through an invariably and quality way in order to build a life-force that is strong within the organization within the various constituents served. When there is appropriate knowledge of an organizational culture that is strong and healthy it then provides external and internal members a sense of importance and purpose in an organization since there is adoption of organization's shared meaning (Scheid, 2011).

According to Jones (2007), whenever an organization wants to outsource the first place that should be looked into is the culture in that organization. Culture should be matched first to avoid cases of lack of coordination. The work culture of the client should be in alignment with the provider's culture. The type of culture by both organizations can be well diagnosed using Schneider model with the four quadrants; control, collaboration, competence, and cultivation. Scheid (2011) further adds that the control culture category of organizations is described as highly hierarchical having well elaborated structures of formal and power procedures in place. The collaboration culture focuses on teams and people which makes it quite different from the rest. Cooper and Thatcher (2010) adds that organizations that value knowledge and expertise before everything else fall under the competence culture. For the cultivation culture the organizations believe that teams should not be staffed but grown.

2.2.2 Adopting to Change

According to Robbins and Judge (2011) performance, effectiveness and profitability in organizations are related with organizational culture. Committing to change and implementing culture are two different things. The hardest part comes in trying to implement the change to the organization and without support from the stakeholders of the organization then it becomes very difficult to implement change. Organizational

culture and the way people relate will ultimately have a major influence in the success of an organization (Trompenaars & Hampden, 2011). Chirico and Nordqvist (2010) notes that when the implementation is successful there are effects on employee engagement, customer satisfaction, organizational success and most importantly the bottom line. Change requires prior planning to avoid failure as well as lack of managing the team and the implementation process.

Hasle, Bojesen, Langaa and Bramming (2012) noted that when the employees are involved in the implementation of change then the chances of its success are higher as the expected outcomes are clearly defined. Schaap (2012) adds that, this leads to a leadership team that is motivated and a workforce that moves with a purpose of achieving common goals. Whenever organizational change involves direct employee benefits there are higher chances of them embracing it as the employees will feel better, they will show absence on rare occasions, more effective and productive and view their impact on an organizational change element therefore feel empowered to impact the corporation's bottom line positively (Abrahamsson & Andersen, 2005).

According to Friday (2011), it is however possible for organizational implementation of change to fail and the biggest contributor being resistance to change. This is mainly from the employees who may have reason to believe that the implementation change will fail to bring any improvements or could even result in an uncomfortable working environment for instance strict organizational culture that is not open to non-members could have a very hard time accepting outsourcing into the organization. Choi (2011) established that other causes of employee resistance to change include; short implementation period, fear of more unnecessary works, and high level of skepticism on change. Haugen, Musser and Lovelace (2009) states that appropriate techniques have to be used in the implementation of change as it helps with easing employee stress of going through the implementation process. It also helps the partners, vendors, and customers adjust to change more comfortably.

Oreg, Vakola and Armenia's (2011) states that there is the need of leaders in identifying the need for change as well as determination of the general direction of the company after the change implementation. It further helps in the guidance of employees in the adoption of new attitudes towards change. Appelbaum, Habashy, Malo and Shafiq (2012) noted that the leaders should be able to look at the change implementation of the business as

though they operated the business. The interests of the employee should be upheld at all times and be aware of impact of change as well as profitability and improvement that the change implementation can bring (Break Through, 2014). There is a sense of belonging that is impacted on the employees whenever they are involved in the change implementation and they should be gotten from all the divisions of the company from accounting clerks, to marketing managers to even subordinate staff. The team formed should be powerful to help in the steering and design of change in their respective division of work (Hartley, 2007).

The strongest link between the superiors and the employees will be the change team who will play an important role in the aid of employees in the development of daily routines that seek in the implementation of suggested changes (Break Through, 2014). Culture can be a barrier for quick change in an organization and issues related with culture compatibility can influence new acquisitions, merges, new partners etc. inside an organization (Robbins & Judge, 2011). According to Luthans and Doh (2011), organization culture occasionally can create coordination problems for multinational corporations, in this case EABL. The reason for this is that organizational culture can differs strongly among subsidiaries located in different countries in relation with the organization culture found in the company's headquarters. Thus, this conflict will result to failure of organization strategies, in this case implementation of BPO as a strategy.

2.2.3 Relationships with the Business Processing Outsourcing Service Provider

According to Swar et al. (2010) the relationship between the service buyer and the provider is an extreme important factor which influences the success of failure of the outsourcing arrangement. The authors even say that understanding this relationship is not only related with the nature of the contract between the two parts but also with the results of the dependency created between the two parts. The practice of outsourcing is moving from the focus solely in the contract to the focus on relationships. Sursala et al. (2010) further adds that it is difficult to formulate extensive contracts due to the complexity in including a wide scope of the outsourced activities. Furthermore, extensive contracts are likely to be incomplete in issues related with its implementation. According to Lane & Lum (2010) business issues necessary include each other's vision, values, goals, culture and ethical principles. It is possible that problems arise when two organizations do not

have understanding for each other cultures. It is possible to salvage strained relationships that could be in danger of creation of a serious problem for the facility organization.

There are 5 steps that are outlined by Skaistis in the repair of a troubled outsourcing relationship that are best suit for facility managers (Cromie & Zott, 2013). Firstly, De-Emotionalize the Situation. It involves getting rid of any emotions from the discussion and hold a face to face meeting that should start with statements of win-win on both parties hence the parties are required to think of getting a win-win solution. Secondly, the establishment of realistic objectives and expectations. It is where both parties should re-evaluate the objectives and expectations that had been established when making the contract (Losonci, Demeter & Jenei, 2011). It could be that the expectations were unrealistic or were not clearly defined which is among the main reasons why outsourcing relationships are strained.

Thirdly, assess options that is; potential courses of action should be explored by the facility managers before the meeting. It is necessary to have a good understanding of the options of the organization for dissolving relationships for the determination of the leverage facility managers have to trying getting it back on course. This stage is involves a lot of negotiations where the facility managers should know what they want as well as what the service provider wants (Cromie & Zott, 2013). Fourthly, explore options where looking at the options is the best way of addressing the issues at hand. After the alienation of emotions and lowering of expectations the options have to be discussed. Expression of dissatisfaction of the relationship should be the starting point of the facility managers. At this stage a new relationship should be sought (Cromie & Zott, 2013).

Lastly, a pact to communicate should be made. The turning to a rescue workshop is a sign that there was failure of communication of an effective of the management role provider. It is however not a sign that future relationships on outsourcing are doomed and where both the provider and facility manager have achieved the other steps then it shows that the relationship has been saved and mended (Cromie & Zott, 2013). In summary, a successful outsourcing practice is one in which there is a good managerial relationship hence saving the business time and money as there will be no negotiations involved to get back to the contract and try to amend the places posing challenges (Irving & Harrison, 1996). The decision to outsource is core in a business as it affects various stakeholders in an organization therefore keen analysis of the benefits, resources required and challenges

likely to be faced should be analyzed by a company before they jump into outsourcing (Lacity, Solomon, Yan & Willcocks,2011). An understanding of every expectation of the party, a common ground and shared appreciation are met in the contractual relationship which needs transparency, priority and honesty to be set by both organizations which is properly done can be a valuable and powerful tool for exchange of expectations ensuring that there is appropriate planning of their delivery.

2.3 Management Style and Implementation of Business Process Outsourcing

According to Anette Brannemo (2005), since the business environment is dynamic and the global aspects are increasing, companies tend to focus on what they do best-their core competence. The concept of outsourcing has, therefore, been growing rapidly during the last decade. Many companies seem to have a vague understanding about the risks and benefits of outsourcing, except from a general idea that it will reduce cost. Many companies hence experience that sourcing decisions and implementation are complex. Haugen, Musser, and Lovelace (2009) note that senior management is key in the implementation of outsourcing services. When there is lack of agreement between the senior management on outsource implementation then the whole process cannot work. There should be a consensual agreement among all the senior management where they all agree to outsource a service because it is inefficient or it lacks in the organization. Trkman (2010) noted that the outsource could also be a result of lower labor and operational costs, focus more on the core business processes, cost saving and capital fund buff up, making internal sources free enough for the effective purposes among many other reasons whereby the reason differs from one organization to another.

2.3.1 Implementation of Business Process Outsourcing

The senior management is primary in the implementation of change in the organization. Outsourcing affects many people in an organization therefore is a crucial change in any organization. When the senior management shows positive impactful change from the outsourcing services the rest of the organization will accept the change without much resistance. The attitude of implementation of outsourcing of the senior management is absorbed and impacted on the rest of the organization (Hartley, 2014).

According to In Davis (2015) a committed senior management will in hand get an even more committed team. As long as the employees notice that their senior management is keen and serious with the outsource implementation then they follow as long as they feel

that they are part of the whole implementation process and are not left behind. Clifton, & Díaz-Fuentes (2015) highlighted that involvement of the employees makes the whole implementation process easy. The implementation process of outsourcing is fastened by a committed and motivated senior management. Krüger, Bob and Ron (2010) established that senior management that wants the change in their organization is able to pass the various agreements between them and the service providers faster. Resources and time is saved that would have otherwise been wasted saving the organization extra expenses therefore better utilization of the time and resources to more profitable organizational tasks.

A fast implementation process is also brought about by an active implementation team. Proper communication of the implementation of outsourcing should be done by the senior management to all members of the organization to reduce any resistance or confusion in the organization (Trkman, 2010). Improper communication delays the implementation process as the employees would want to know what is going on and why there is bringing in of new personnel (Krüger, Bob & Ron, 2010). This in a worst case scenario could lead to strikes thus disrupting operation of the organization and creating unnecessary costs. The provision of guidance to the implementation process has a positive effect on the whole process. A team that is lead well will perform better than one with poor guidance a they will know what to do and what is expected of them at a particular stage of the process and deliver whatever is expected. Nadkarni and Herrmann (2010) emphasized that most facility managers overlook reviewing the mechanics of their contracts on a regular basis to make sure that the contractors are there is compliance of the agreed upon terms and conditions as well as the type and service level for which the contract has been agreed upon. There should be a detailed quarterly basis contract review whereby facility managers who lack the staff to perform the task are expected to do the review themselves.

2.3.2 Management Capabilities

Management need to possess the correct ability necessary to implement BPO. Power *et al.*, (2006) identified ten most common challenges firms face in the implementation of outsourcing strategy, these are lack of management commitment, minimal knowledge of outsourcing methodologies, lack of an outsourcing communications plan, failure to recognize outsourcing business risks, failure to tap into external sources of knowledge, not dedicating the best and brightest internal resources, rushing through the initiative not

appreciating cultural differences, minimizing what it will take to make the vendor productive and poor relationship management program. Hammer (2010) noted that BPO is not a one-off activity but it an activity that is planned, on-going, a systematic process.

The process of BPO is a consistent implementation of the seven steps of outsourcing of the life-cycle by the management which are Strategic assessment, needs analysis, vendor assessment, contract and negotiation management, project initiation and transition, relationship management and continuance modification or exit strategies. Consequently, if any step is performed inadequately or is omitted or management is unable to curb the challenges outsourcing will ultimately fail (Power, Desouza & Bonifazi, 2006). Loss of control over the outsourced activity is also considered one of the most commonly cited inhibitors to outsourcing. Aligning employee behaviors with the organization's objectives often is facilitated by a performance management process. In the outsourcing environment, it is impractical to apply the traditional performance management process (Beaumont & Sohal, 2004).

Therefore the management team of a firm ought to possess the needed capabilities to ensure this doesn't occur. Therefore, a manager's skill is inevitably important for the success of outsourcing to mitigate the risks and creating a strategic fit between organizational requirements although offshore outsourcing decisions are made by CEOs (Clott, 2007).

Difficulty in obtaining organizational support and indecisiveness on which activities to outsource, results in increased chances of failure. However, the positive implications of BPO services for a company's performance also depend on the managerial ability of the BPO client company to have a clear and detailed BPO model (Kakabadse & Kakabadse, 2005). As another example, consider processes for scope management. The process consists of steps for the parties to jointly review and make decisions when there is a lack of clarity or disagreement over scope. However, such processes quickly fall apart when every time there is a disagreement, each side comes to the table seeking to prove that something is in or out of scope. Such forums quickly become frustrating, where the party that will push extremely hard and stick to their course will win, and get their way, rather than the parties coming to an agreement about what is the best decision. If management doesn't have the capabilities to deal with such conflict success of BPO implementation will hang on the balance (Beaumont & Sohal, 2004).

Christopher and Tanwar (2012) added that for ultimate success of a BPO outfit the management must ensure that we have good contract negotiations, determine KPI's and SLA's, establishing a BPO model, all this task are very complex process and requires specialist skills often lacking in the clients management. In case a client doesn't poses these skills he should engage specialist vendors who have experience and knowledge and will ensure that all these key/complex tasks are well performed and the best in class BPO partner will be picked (Sakthivel, 2007).

2.3.2 Management Support and Commitment

Makedonia Al-Mashari et al. (2003) argued that top management support does not end with initiation and facilitation, but must extend to the full implementation. Senior management commitment is required for any initiative to be successful. Simply stated, without their commitment or demonstrated leadership, initiatives stall, fall substantially short of the expectation or just plain fail. Recently, lack of top management commitment has been identified as a key element in service success, particularly, service recovery.

Top management commitment is critical to service quality because it is a determinant of frontline employee service. One reason for weak commitment is a lack of understanding of the importance of BPO. It may seem unlikely that managers today still do not understand the importance of BPO, but the problem still exists (Hartley, 2007). From the employees' perspective, management inputs are important to service recovery because of their support of training and development, empowerment, and reward / recognition. Empowerment is relevant when a particular job has a large component of activities that are unpredictable in advance but require creative personal judgment and immediate attention by the employee (Banker, et al, in Babakus, et al, 2007).

Power et al., (2006) identified 10 common challenges that face firm in BPO implementation and one of them is lack of management commitment. If management doesn't support or show commitment towards the new relationship with the BPO partner implementation of the same will be difficult. Some million dollars contract have been failed because of the cultural issues when the management deliberately kept quiet on the ongoing problems or did not even dare to speak about the problems and the cultural differences between Asia and the West could bear severe consequences (Ramingwong & Sanjeev 2007).

Education and presentation is often the key to building commitment. An interesting Six Sigma tool (Pande, et al, 2002) is a stakeholder analysis in which key stakeholders' support / opposition to the improvement is identified, along with plans for changing opinions where necessary. Once you understand the reasons for weak commitment you can plan to build commitment. According to (Rodriguez, et al, 2007) service recoveries are more successful in weak top management commitment environments if there are strong cross-functional links with excellent communication between functions. The importance of top management commitment to successful BPO implementation cannot be questioned. We need to understand why commitment is lacking. Commitment can be built through persuasion and appeals to corporate values or strategy. However, when increased commitment does not appear to be forthcoming, the best strategies are to work on cross functional relationships and communication.

2.4 Service Provider and Implementation of Business Process Outsourcing

According to Lynsons and Farriangton (2006) outsourcing among other problems reduces a company's control over how certain services are delivered which in turn raises the company's liability. By the mere fact that the activities been handed over to third parties could be vital to the company's performance then this factors ought to be look at and see how they can be managed. This has created some academic degree of uncertainty and the need to conduct this study and show the factors that affect implementation of a business process outsourcing. There are two categories of business process outsourcing (BPO) the back office outsourcing which comprises of the internal business functions like purchasing while the other category is front office outsourcing that is composed of services that are customer related like tech support or marketing. The back office outsourcing provides organizations with services that help the in the management of tasks like data management, payment processing, data entry, surveys, accounting support, and quality assurance. The back office duties help in the smooth running of businesses and crucial to an organization's core business processes. The from office outsourcing on the other hand majors on customer interactions like email, fax, phone conversations as well as other communication forms (Martínez-Noya & García-Canal, 2011).

2.4.1 Capabilities of Service Provider

BPO is one of those interdisciplinary of the enabling workplace innovations that require a diverse set of skills in order to be successful. The initiation and implementation of a BPO

project in an organization requires focused attention on several human factors, both within the organization initiating the project and within the outsourcing vendor. More and more players in the outsourcing market are recognizing the key role governance and relationship management play in ensuring that the value sought in outsourcing deals is realized. In an increasingly competitive outsourcing market, providers need to do more than speak about the importance of governance to differentiate your organization from the competition. As firms grow increasingly stylish in their assessment of providers' relationship management capabilities need to be top notch (Pai & Basu, 2007).

Effective strategies seek out places where there are market imperfections or knowledge gaps that the company is uniquely qualified to fill and where investments in intellectual resources can be highly leveraged. Companies consistently make more money than their competitors only if they can perform some activities, which are important to customers, more effectively than anyone else. True focus in strategy means the capacity to bring more powers to bear on a selected sector than any competitors can. Therefore, inadequate capabilities of service provider results in loss of competitive advantage and loss of market share. Service providers who form the major backbone of business process sourcing are faced with key challenges, ranging from; organizing and designing the work, facilitating employee transitions, managing performance, managing turnover and legal obligations (Jennings, 2002).

Many hiccups associated with outsourcing come up from failure of vendors to deliver and meet the performance requirement of the outsourcer. One of the reason why many vendors fail in delivering the client expectation as per laid down specification or contractual obligation is lack of capabilities or poor execution of tasks. The client at all times must have mechanism in which he is able to measure the performance of the vendor and ensure that it's as per the set levels in the SLA. Having an effective systems for measuring performance of vendors can also be used to compare performance level for other potential vendors out their (Ranganathan & Balaji, 2007).

Most notably is the Indian software vendors who have had immense success in the global market for software service since the 1990's. Some of the largest vendors including Infosys, Wipro and Tata consulting services are now competing directly with IBM and Accenture in the software industry. This has largely been attributed to the development and availability of capability in the Indian economy. A staggering 150,000 English

speaking software engineer's graduate each year and the number is still rising. With the vendors having the required capabilities they are able to meet the client's expectations (Cusumano, 2006).

2.4.2 Knowledge Sharing and Cooperation in Business Process Outsourcing

Knowledge sharing between vendors and clients is one of the most important aspects of outsourcing. This involves having mechanism in place so that one creates conducive environment for relevant knowledge transfer. Knowledge sharing is a complex task and thus makes its management very complex. Knowledge is distributed on both side where client poses business need knowledge and the vendor poses technical knowledge, process knowledge etc. Global vendors have been practicing knowledge management to improve the level of service to which they deliver to their clients (Ranganathan & Balaji, 2007). Sharing of knowledge and information is key in the growth of innovative ideas. This means that the two teams can come together and brainstorm for better ways of improving the functioning of the organization. This creates a competitive advantage of the company in comparison to the competitors. Sharing of information also increases the bond between parties and creates a conducive working environment. In a situation where the service provider is stuck they are able to reach the other team and seek advice to what they need. This therefore necessitates policies for the encouragement of sharing of knowledge and information to be upheld in an organization (Coulter, 2011).

Since the employees of the service and the firms would probably be conflicting, the management would have to establish the rules, forcing people to share each other's knowledge. They point out that firm's business process outsourcing their knowledge-based processes for a quick return on investment might be in for a rude shock. If the degree of complementarity of knowledge between the firms is low, the results might not be this prescriptive (Brown & Wilson, 2005). According to Smith (2005) it brings a new perspective of things to different people. This could improve the performance of the different employees. When a person is opened to a new perception they are able to see things for instance solving a situation from many sides. This improves performance hence increasing overall productivity. Jennings (2002) noted that increases motivation for members of both teams which is a result of getting exposure to various skills as well as know-how from the peers which contributes to self-motivation of wanting more for yourself hence involving everyone in a person's game plan of getting better.

When the knowledge of the two employees are similar enough, sharing does not lead to a significant increase in each other's knowledge, but comes with its associated costs and this is especially dire when much of the time in the meetings might be spent in determining the exact knowledge which is dissimilar between the employees (and therefore worth sharing). Thus, forcing a higher level of cooperation would add to the costs but not deliver commensurate benefits. Thus, the service provider has to ensure that its knowledge base is higher than that of the firm (Hartley, 2007). The client and vendor must identify the critical stages of the outsourcing outfit and determine the right type of knowledge that need to be shared at each stage and understanding the different mixed of technical and business knowledge required at each stage (Ranganathan & Balaji, 2007).

2.4.3 Provider Risks Associated with Business Process Outsourcing

The risk associated with BPO can be categorized in three parts; First it's operational risk which is the slippage of quality and cost of speed of process execution, secondly its strategic risk which relates to issues that include intellectual property protection, security and privacy and lastly composite risk which are the long term risk like losing of capabilities to perform the business processes in-house in the future (Nassimbeni, Sartor, & Dus, 2012). Among these, strategic and composite risks can be reduced by having tight contracts in place and operational controls. However, managing operational risk has to be a continuously activity. BPO KPI's create a good mechanism for monitoring, reporting, and management of operational parameters (Nari, 2006). Quality, cost, and speed of execution depend upon a variety of orthogonal factors in process execution. Aron *et al.* (2005) describes strategic risks as service provider's deliberate actions towards client.

Herath and Kishore (2009) noted that the threat of intellectual property theft in vendor's hands is a biggest risk because in future the service provider may be in the same industry. There are number of blue chip manufacturing contracts have been failed because of the mismatch between the expectations of the client and vendors capabilities. Low cost locations are attractive for offshore outsourcing but often risk mitigation is misunderstood. Offshore projects are more likely to fail because of miscommunications, less users' involvement and lack of understanding of the business environment by the offshore team. It's paramount that the service provider gets it right on this aspects to ensure the successful implementation of a BPO outfit (M Figliozzi, 2014).

According to Webb and Laborde (2005) the relationship approach of outsourcing can create success for both client and service provider, however the value proposition may lead to a win-win situation where both firm and service provider wants the value of services to the customer satisfaction and service provider sees the contribution of such values in its own business. If service provider finds value in doing the business with a firm he will invest time and resources to ensure the relationship succeed. If the vice versa occurs firm will lose its competitive advantage. Data privacy breaches this is where private information of the outsourcing company may be leaked to the competitor or the public. The company could also lose its customers. There are chances of higher service costs as compared to their estimations (Hunter & Saunders, 2005). There is always a high possibility of the costs ending up being higher than initially expected which could affect the finances of the company negatively. It also means that the outsourcing company goes beyond their budget hence getting finances from other areas of the company that would have otherwise been utilized well.

Overdependence on the service providers is a major disadvantage of outsourcing according to Plante *et al.* (2005). This could highly affect the outsourcing company since it will show lack of independence. Most of the companies who have outsourced in some areas of the services of the organizations end up over relying on the service provider. This could result in dire consequences as the service provider could frustrate the company. It also means that the company will require to always budget for a service provider where they would have used the resources for more meaningful organizational purpose. Chances of poor communication are high that could delay the completion of the project since it involves dealing with a whole new team. This consumes much time that would have otherwise been used for a more meaningful purpose.

2.5 Chapter Summary

The chapter reviews literature related to factors affecting effective implementation of a business processing outsourcing (BPO) as a strategy. The study chapter has highlighted the factors affecting BPO, strategies of business process outsourcing and challenges of implementing outsourcing strategies. The next chapter is chapter three that outlines the research design and methodology of the study.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, target population, sampling technique and sample size, data sources and data collection instruments, data collection procedure and data analysis.

3.2 Research Design

Research design is “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings” (Burns & Grove, 2003:195). The study will adopt and employ descriptive survey design which according to Mugenda & Mugenda (2003) determines and reports the way things are. According to Kombo and Tromp (2009) descriptive research design is suitable as it will collect information about people’s attitudes, opinions or habits.

3.3 Population and Sampling Design

3.3.1 Population

Population as all the elements that meet the criteria for inclusion in a study (Burns & Grove, 2003:213). According to Borg and Gall (1989) target population include but not limited to all members of a real set of people, events or objects to which a researcher wishes to generalize the outcome of the study, hence this study will target a population of 835 respondents from East African Breweries Limited. The respondents was drawn from various cadres (top management, middle level management and lower level management) who are perceived to be actively involved in the management of the organization.

Table 3.1: Target Population

Sections	(Frequency)	Sample	Percentage %
Top management	53	27	50%
Middle level management	293	147	50%
Low level management	489	245	50%
Total	835	418	50%

Table 3.1: Target Population 1

3.3.2 Sampling Design

A sample design is the framework, or road map, that serves as the basis for the selection of a survey sample and affects many other important aspects of a survey as well. It's also the method by which is used in the ultimately select the major elements of the research and analysis of the data so as to be able to wholly respond to the research questions that have been raised (Shields & Rangarajan, 2013).

3.3.2.1 Sampling Frame

A sampling frame is the set of source materials from which the sample is selected. The definition also encompasses the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey (Shields & Rangarajan, 2013). The sampling frame may be identical to the population. During the period of study, the researcher will adopt a sample size of 50% of the target population. Outsourcing strategies is a corporate level decision, hence the respondents was sampled from the management staff who possess the pertinent required information. On the aspect of effectiveness in its implementation the respondent shall be from the whole sampled population.

3.3.2.2 Sampling Technique

A sampling technique is a specified process used by the researcher to select entities of the sample (Kothari,2012). The study will employ stratified random sampling technique. Stratified random sampling is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. The population was sub divided into the various departments.

3.3.2.3 Sample Size

A sample size is the number of vital feature of any empirical study from which a researcher is able to make inferences to a population (Shields & Rangarajan, 2013). A sample size of 50% of the target population of study was advantageous because according to Mugenda and Mugenda (2003) as well as Kothari (2012) the same was a true representative of the entire population of study whose study findings was dependable and generalized to the entire population of study. Taking 50% of 835 which is the target population gives a sample size of 418 respondents as shown in table 3.1.

3.4 Data Collection Methods

Data collection entails the process of accumulating and measuring data on targeted variables in a systematic fashion, which then allows a researcher to answer relevant questions and evaluate outcomes (Shields & Rangarajan, 2013). Both primary and secondary sources of data was adopted and applied accordingly. Primary sources of data will emanate from the circulation of questionnaires to be administered to the respondents whereas secondary sources will include but not limited to organizations records, employees' appraisal records and other established correspondences as this will create a good firsthand experience (Hox & Boeijie, 2005). Questionnaires was used as data collection instruments because according to (Cooper & Schindler, 2014) questionnaires are the most common data collection instruments in business research. Before the actual period of the study, questionnaires being data collection instruments was tested and re-tested in similar study environmental conditions to ascertain their validity and reliability in terms of correctness, fluency, flow and neatness.

3.5 Research Procedure

This is the step-by-step sequence of activities or course of action taken in order to attain the results needed. Primary data was collected through administering a questionnaire. Research assistants was used to assist in data collection. In distributing the questionnaire, the researcher will apply drop and pick method where the respondents was given three days to complete the questionnaires after which the filled-in questionnaires was collected. Every effort was used to ensure that the quality of data collected is high and credible.

3.6 Data analysis

Data analysis is the process of analyzing, cleaning, transforming, and modeling data (Wagner, Halley & Zaino 2011). The collected data was sorted out by removing raw data aiming at creating orderliness prior to data analysis which forms the beginning of detecting, rectifying and sorting out any error which may occur due to the mix ups of data collection (Obure, 2002). Data editing was done by perusing completed data collection instruments (questionnaires). Collected data was coded and edited as required and thereafter processed by the Statistical Packages for Social scientists (SPSS). Data entry was done by keying of data as per the assigned codes and final checks made for accuracy and completeness purposes. The SPSS (version 22) processor will process and release results which was expected to be qualitative in nature. According to Gray (2004)

qualitative data provides effective and rich descriptions of the study findings including explanations demonstrating sequential flow of events. Both descriptive and inferential statistics was used to analyze the data was expectation to answer research study questions. Under descriptive statistic the mean and standard deviation was calculated, on the other hand for inferential statistics the study will utilize regression and correlation analysis. Analyzed data was tabulated in form of frequencies and percentages and presented in tables, charts and graphs.

3.7 Chapter Summary

This chapter seeks to outline on how data was collected and analyzed to enable caring out the study the factors affecting effective implementation of BPO as a strategy in EABL. The chapter calls out population, sampling technique and the size, the definition of the same and a description of each. The data was presented in tables and the findings was on the factors affecting effective implementation of BPO as a strategy in EABL.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter discusses findings established from the study. The chapter also presents results on demography of the respondents; gender, age, designation, education level and outsourced services. The chapter also outlines factors affecting business processing outsourcing.

4.1.1 Response Rate

The response rate of a test measures the statistical power of a research and the higher the rate the better. In this study, the researcher distributed 418 questionnaires and only 400 were filled and returned. This represents a response rate of 95 % as shown in table 4.1 below

Table 4.1: Response Rate

Questionnaires	Number	Percentage
Filled and collected	400	95
Non-Responded	18	5
Total	418	100

4.2 Demographic Information

This section presents results on demographic factors of the respondents who participated in this research study.

4.2.1 Gender

From the study, majority of the respondents were male accounting for 54 % of the population while the female accounted for 46% as shown in Figure 4.1. This implies that the firm tries to maintain a gender balance as required by the law. It further implies that the firm will experience inflexibility from the female staff and even lots of time off

requested. This will have a cost implication for hiring temporary staff and other related opportunity cost which may eventually wipe out the cost saving brought about by BPO efficiency.

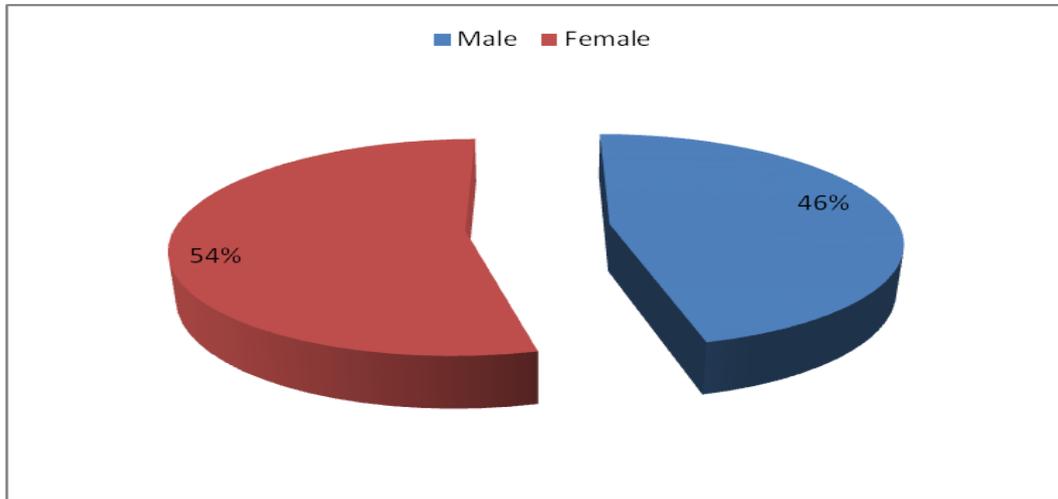


Figure 4. 1: Gender

4.2.2 Age

To investigate the age of the respondents the variable age group 30-39 was that majority with 234 respondents accounting for 59% of the population, age group 20-29 had 144 respondents accounting for 36% of the population, 50 years and above had 18 respondents accounting for 5% of the total population whereas below 25 years had 4 respondents accounting for 1% of the total population as shown in table 4.2 below. This means that the firm is at a high risk of losing its employees to other organisations, as they are mature and have experience. This is an Age group that will be looking for senior position which are few in number thus forcing employees to seek greener pastures.

Table 4.2: Age

Variable	Distribution	
	Frequency	Percentage
Below 25 years	4	1
20-29	144	36
30-39	234	59
50 years and above	18	5
Total	400	100.0

4.2.3 Designation

To investigate designation majority of the respondents were general staff with 274 respondents accounting for 69% of the total population, supervisors had 72 respondents accounting for 18% of the total population, managers, supervisors and others had 18 respondents accounting for 5 % of the total population as shown in table 4.3 below. The firm has enough supervisors to ensure effective business process outsourcing and operations.

Table 4.3: Designation

Variable	Distribution	
	Frequency	Percentage
Manager	18	5
Supervisor	72	18
Assistant manager	18	5
General staff	274	69
Other	18	5
Total	400	100.0

4.2.4 Level of Education

To investigate level of education level undergraduate degree was the highest with 256 respondents accounting for 64% of the total population, masters had 126 respondents accounting for 32% of the total population. Findings revealed that the organization does not have any respondents with certificate or PHD as shown in table 4.4. This shows that

the organization has well educated employees who are able to ensure the firm performs its functions as anticipated.

Table 4.4 Level of Education

Variable	Distribution	
	Frequency	Percentage
Undergraduate	256	64
Masters	126	32.
Total	382	96
Missing	18	5
Total	400	100

4.2.5 Outsourced Services

To investigate services outsourced finance services had the majority with 92 respondents accounting for 22% of the respondents, human resource had 82 respondents accounting for 21% of the total population, logistics had 74 respondents accounting for 19% of the total population, operation had 74 respondents accounting for 19% of the total population, IT had 22 respondents accounting for 6% of the total population, front office had 18 respondents accounting for 5 of the total population, back office had 16 respondents accounting for 4% of the total population, procurement had 12 respondents accounting for 2% of the total population and sales had 6 respondents accounting for 2% of the total population as shown in table 4.5. Through outsourcing the organization is able to cut on cost and also getting more time to engage in the business missions and vision.

Table 4.5: Outsourced Services

Variable	Distribution	
	Frequency	Percentage
Finance	92	22
Back office	16	4
Front office	18	5
Operations	74	19
Human resource	82	21
IT	22	6
Logistics	78	19
Procurement	12	20
Sales	6	2
Total	400	100

4.3 Organizational Culture and Business Process Outsourcing

The first objective of the study sought to establish organizational culture and Implementation of business process outsourcing. Respondents were asked several questions that they were rating with (1) Strongly Disagree (2) Disagrees, (3) Neutral, (4) Agree, and Strongly Agree (5).

4.3.1 Descriptive of Organizational Culture

Most respondents agreed that employees aware of organizational culture (4.49), organization culture consists of beliefs (4.36) and organizational culture affects implementation of business process outsourcing (4.18). There was however uncertainty on the relationship the organization has with their service provider affects BPO implementation (3.86) the organization has good relationship with our service provider (3.56), employees adopt well to change (3.46), organizational culture hinders

implementation of BPO (3.13) and employees believe change is inevitable (3.01). In addition, respondents disagreed that organizational culture is compatible with service provider's culture (2.97) and organizational culture is considered before outsourcing (2.68) as shown in table 4.6 below.

On analysis of the standard deviation organizational culture is considered before outsourcing had the highest deviation of (1.326) and employees are aware of the organizational culture (0.501) had the lowest standard deviation. This means that there was little variation amongst respondents on those who agreed, disagreed and neutral.

Table 4.6: Descriptive of Organizational Culture

VARIABLE	N	MEAN	SD
I am aware of the organizational culture	400	4.49	.501
The organization culture consists of beliefs	400	4.36	.709
organizational culture affects implementation of business process outsourcing in this organization	400	4.18	.714
We consider culture of the organization before outsourcing from them	400	2.68	1.326
Employees in our organization adopt well to change.	400	3.01	1.315
Employees believe change is inevitable	400	3.46	1.116
We have a good relationship with our service provider	400	3.56	1.030
The relationship with our service provider affects business process outsourcing implementation	400	3.86	.917
Organizational culture is compatible with service providers culture	400	2.97	1.154
Organizational culture hinders implementation of business process outsourcing.	400	3.13	1.449

4.3.2 Regression of Organisation Culture and Business Process Outsourcing

A regression analysis was done between organisation culture and business process outsourcing as shown in table 4.7 on analysis, the R square value was 0.819 and a p-value of (0.000) was significant. Therefore, 81.9% of the variation in business processing outsourcing was caused by variables of organisation Culture the rest 18.1% is attributed to other factors not considered in the study and the error rate.

Table 4.7: Regression of Organisation Culture and Business Process Outsourcing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.905 ^a	.819	.810	.32584	.819	85.612	10	189	.000

ANOVA Between Organization Culture and Business Process Outsourcing

The Anova analysis between organisation culture and business process outsourcing revealed that the F value 85.612 was significant (0.000) this implies that there was a linear relationship between organisation culture and business process outsourcing as indicated in Table 4.8

Table 4.8: ANOVA Organization Culture and Business Process Outsourcing

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	90.894	10	9.089	85.612	.000 ^b
	Residual	20.066	189	.106		
	Total	110.960	199			

4.3.3 Coefficients of Organization Culture

A Pearson correlation was done between business process outsourcing (dependent variable) against other factors of organizational culture. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in table 4.9.

Table 4.9: Coefficients of Organization Culture

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.687	.368		1.866	.064
Aware of the organizational culture	.130	.091	.087	1.425	.156
Culture consists of beliefs	.021	.048	.020	.442	.659
Culture affects implementation of business process outsourcing	.253	.038	.242	6.734	.000
Culture of the organization before outsourcing from them	.145	.028	.258	5.240	.000
Employees adopt well to change.	-.033	.040	-.058	-.838	.403
Employees believe change is inevitable	.013	.040	.019	.323	.747
Good relationship with our service provider	.431	.033	.595	12.943	.000
The relationship with our service provider affects business process outsourcing implementation	-.282	.035	-.347	-8.016	.000
Organizational culture is compatible with service providers culture	.066	.026	.102	2.525	.012
Organizational culture hinders implementation of business process outsourcing.	.092	.020	.178	4.667	.000

When business process outsourcing (dependent variable) against other factors of organizational culture (Constant p value=0.064). Aware of the organizational culture (Beta=.087, p value=.156), culture consists of beliefs (Beta=.020, p value =.659), culture affects implementation of business process outsourcing (Beta=.242, p value =.000), culture of the organization before outsourcing from them (Beta=.258, p value=.000), employees adopt well to change (Beta=-.058, p value= .403), employees believe change is inevitable (Beta=.019, p value=.747), good relationship with our service provider (Beta=.595, p value= .000), the relationship with our service provider affects business process outsourcing implementation (Beta=-.347, p value= .000), organizational culture is compatible with service providers culture (Beta=.102, p value .012), organizational culture hinders implementation of business process outsourcing (Beta=.178, p value=.000)

This implies that culture affects implementation of business process outsourcing, EABL look at culture of the organization before outsourcing from them good relationship with our service provider, the relationship with our service provider affects business process outsourcing implementation, organizational culture is compatible with service providers culture and organizational culture hinders implementation of business process outsourcing.

4.4 Management on Business Process outsourcing Implementation

The second objective of the study sought to establish management on BOP implementation. Respondents were asked several questions that they were rating with (1) Strongly Disagree (2) Disagrees, (3) Neutral, (4) Agree, and Strongly Agree (5).

4.4.1 Descriptive of Management on BPO Implementation

There was uncertainty on management have the right capabilities to handle BPO implementation (3.96), management offers guidance to employee (3.91), management is committed in the business process outsourcing implementation process (3.87), management play an active role in ensuring that values sought in outsourcing deals are realized (3.78), management is viewed as the backbone of business process outsourcing success (3.58), management offers guidance to handles disputes arising (3.48), management seeks to involve all employees in the BPO process (3.23), some outsourcing decisions have resulted into negative outcome (3.31) and management seek specialist

opinion before engaging vendor (3.01). However, respondents disagreed that the organization has experienced difficulty in obtaining organizational support on outsourcing activities (2.61) as shown in table 4.10.

On analysis of the standard deviation management seeks to involve all employees in the BPO process had the highest standard deviation (1.422) and management have the right capabilities to handle BPO implementation had the lowest standard deviation (0.822). This means that there was little variation amongst respondents on those who agreed, disagreed and neutral.

Table 4.10: Descriptive of Management on BOP Implementation

VARIABLE	N	MEAN	SD
Management have the right capabilities to handle business process outsourcing implementation	400	3.96	.822
There is clear commitment by management in the BPO implementation process.	400	3.87	.866
Management offers guidance to employee	400	3.91	.898
Management offers guidance to handles disputes arising.	400	3.48	1.125
Management play an active role in ensuring that values sought in outsourcing deals are realized.	400	3.78	.899
Management seek specialist opinion before engaging vendor	400	3.01	1.207
We have experienced difficulty in obtaining organizational support on outsourcing activities	400	2.61	1.206
Management seeks to involve all employees in the BPO process	400	3.23	1.125
Management is viewed as the backbone of BPO success	400	3.58	1.171
Some outsourcing decisions have resulted into negative outcome	400	3.31	1.422

4.4.2 Regression of Management and Business Process Outsourcing

A regression analysis was done between management and business process outsourcing as shown in table 4.11. On analysis, the R square value was 0.652 and a p-value of (0.000) was significant. Therefore, 65.2% of the variation in business processing outsourcing was caused by variables of management while the rest of 34.8% was caused by other factors not considered by the study and the error rate.

Table 4.11: Regression of Management and Business Process Outsourcing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.807 ^a	.652	.633	.45215	.652	35.376	10	189	.000

Anova of Management and Business Process Outsourcing

The Anova analysis between management and business process outsourcing revealed that the F value 35.376 was significant (0.000) this implies that there was a linear relationship between organisation culture and business process outsourcing as indicated in Table 4.12

Table 4.12: Anova of Management and Business Process Outsourcing

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.321	10	7.232	35.376	.000 ^b
	Residual	38.639	189	.204		
	Total	110.960	199			

4.4.3 Coefficient of Management

A Pearson correlation was done between business process outsourcing (dependent variable) against other factors of management. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in table 4.13.

Table 4.13: Coefficient of Management

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.667	.207		12.889	.000
Management have the capabilities to handle business process outsourcing	-.141	.068	-.155	-2.063	.040
There is clear commitment by management in the BPO implementation process.	-.259	.084	-.300	-3.086	.002
Management offers guidance to employee	.600	.120	.722	4.994	.000
Management offers guidance to handles disputes arising.	-.016	.064	-.025	-.254	.800
Management play an active role in ensuring that values sought in outsourcing deals are realized.	.233	.111	.281	2.107	.036
Management seek specialist opinion before engaging vendor	-.165	.039	-.267	-4.212	.000
We have experienced difficulty in obtaining organizational support on outsourcing activities	.186	.041	.300	4.522	.000
Management seeks to involve all employees in the BPO process	-.301	.044	-.453	-6.766	.000
Management is viewed as the backbone of BPO success	.334	.041	.524	8.099	.000
Some outsourcing decisions have resulted into negative outcome	-.247	.040	-.470	-6.217	.000

When business process outsourcing (dependent variable) against other factors of management (Constant p value=0.000). management have the capabilities to handle business process outsourcing (Beta=-.155, p value= .040), there is clear commitment by management in the BPO implementation process (Beta=-.300, p value =.002), management offers guidance to employee (Beta=.722, p value=.000), management offers guidance to handles disputes arising (Beta=-.025, p value= .800) management play an

active role in ensuring that values sought in outsourcing deals are realized (Beta=.281, p value .036), management seek specialist opinion before engaging vendor (Beta=-.267, p value =.000), we have experienced difficulty in obtaining organizational support on outsourcing activities (Beta=.300, p value =.000), management seeks to involve all employees in the BPO process (Beta=-.453, p value= .000), management is viewed as the backbone of BPO success (Beta=.524, p value =.000), some outsourcing decisions have resulted into negative outcome (Beta=-.470, p value= .000).

This implies that management have the capabilities to handle business process outsourcing and there is clear commitment by management in the BPO implementation process. Management offers guidance to employee and management play an active role in ensuring that values sought in outsourcing deals are realized. Management seek specialist opinion before engaging vendor we have experienced difficulty in obtaining organizational support on outsourcing activities and management seeks to involve all employees in the BPO process and management is viewed as the backbone of BPO success.

4.5 Service Provider on BPO Implementation

The first objective of the study sought to service provider on BPO implementation. Respondents were asked several questions that they were rating with (1) Strongly Disagree (2) Disagrees, (3) Neutral, (4) Agree, and Strongly Agree (5).

4.5.1 Descriptive of Service Provider on BPO Implementation

Majority of the respondents did not reach an agreement on distance of service provider location from that of EABL affects service delivery (3.46), organization has mechanism in place that create conducive environment for knowledge transfer (3.43), service providers have invested time to ensure a good relationship with the organization (3.36), organization has changed vendors as a result of performance (3.36), service provider adds value to the organization.(3.32), service provider objectives are aligned with the firm's objectives (3.27), service provider has the right capabilities to perform tasks outsourced (3.13) and service providers staff are sufficiently trained to handle the BPO task (3.03). However, respondents disagreed on capability of service providers has resulted into competitive advantage for the (2.95) and service provider understands the firm's business operation and environment well (2.65) as shown in table 4.8 below,

On analysis of the standard deviation service provider objectives are aligned with the firm's objectives had the highest standard deviation (1.365) whereas service providers have invested time to ensure a good relationship with the organization had the lowest standard deviation (0.930). This means that there was little variation amongst respondents on those who agreed, disagreed and neutral.

Table 4.14: Descriptive of Service Provider on BPO Implementation

VARIABLE	N	MEAN	SD
Service provider has the right capabilities to perform tasks outsourced	400	3.13	1.182
Service provider objectives are aligned with the firm's objectives.	400	3.27	1.365
Distance of service provider location from that of EABL affects service delivery.	400	3.46	1.267
Service provider adds value to the organization.	400	3.32	1.015
Service provider understands the firm's business operation and environment well	400	2.65	1.185
Service providers staff are sufficiently trained to handle the BPO task	400	3.03	1.109
Service providers have invested time to ensure a good relationship with the organization.	400	3.36	.930
Capability of service providers has resulted into competitive advantage for the	400	2.95	1.148
The organization has changed vendors as a result of performance	400	3.36	1.345
The organization has mechanism in place that create conducive environment for knowledge transfer.	400	3.43	1.005

4.5.2 Regression of Service Provider and Business Process Outsourcing

A regression analysis was done between service provider and business process outsourcing as shown in table 4.15 on analysis, the R square value was 0.570 and a p-value of (0.000) was significant. Therefore, 57% of the variation in business processing outsourcing was caused by variables of service provider rest of 43% was caused by other factors not considered by the study and the error rate.

Table 4.15: Regression of Service Provider and Business Process Outsourcing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.755 ^a	.570	.548	.50229	.570	25.080	10	189	.000

ANOVA of Service Provider and Business Process Outsourcing

The Anova analysis between service provider and business process outsourcing revealed that the F value 25.08 was significant (0.000) this implies that there was a linear relationship between service provider and business process outsourcing as indicated in Table 4.16

Table 4.16: ANOVA of Service Provider and Business Process Outsourcing

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.276	10	6.328	25.080	.000 ^b
	Residual	47.684	189	.252		
	Total	110.960	199			

4.5.3 Coefficient of Service Provider

A Pearson correlation was done between business process outsourcing (dependent variable) against other factors of service provider. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in table 4.17.

Table 4.17: Coefficient of Service Provider

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.574	.216		16.507	.000
Service provider has the right capabilities to perform tasks outsourced	-.166	.050	-.263	-3.336	.001
Service provider objectives are aligned with the firm's objectives.	.119	.053	.218	2.258	.025
Distance of service provider location from that of EABL affects service delivery.	-.296	.036	-.502	-8.142	.000
Service provider adds value to the organization.	-.255	.060	-.347	-4.262	.000
Service provider understands the firm's business operation and environment well	-.127	.061	-.201	-2.090	.038
Service providers staff are sufficiently trained to handle the BPO task	.131	.077	.195	1.695	.092
Service providers have invested time to ensure a good relationship with the organization.	.216	.094	.269	2.297	.023
Capability of service providers has resulted into competitive advantage for the	.123	.085	.189	1.456	.147
The organization has changed vendors as a result of performance	.120	.035	.215	3.450	.001
The organization has mechanism in place that create conducive environment for knowledge transfer.	.161	.065	.217	2.482	.014

When business process outsourcing (dependent variable) against other factors of service provider (Constant p value=0.000). Service provider has the right capabilities to perform tasks outsourced (Beta=-.263, p value=.001), service provider objectives are aligned with the firm's objectives (Beta=.218, pvalue =.025), distance of service provider location

from that of EABL affects service delivery (Beta=-.502, pvalue=.000), service provider adds value to the organization (Beta=-.347, pvalue= .000), service provider understands the firm's business operation and environment well (Beta=-.201, p value= .038), service providers staff are sufficiently trained to handle the BPO task (Beta=.195, p value=.092), service providers have invested time to ensure a good relationship with the organization (Beta=.269, p value= .023), Capability of service providers has resulted into competitive advantage (Beta=.189, p value= .147), the organization has changed vendors as a result of performance (Beta=.215, p value= .001), the organization has mechanism in place that create conducive environment for knowledge transfer (Beta=.217, p value .014).

4.7 Chapter Summary

This chapter had discussed findings and interpretations of the study based on the research questions. The first part gives a highlight on demographic. The second part highlights findings on organizational culture. The third section covers findings on management on BPO implementation whereas that fourth section gives an analysis on service providers on BPO implementation. Inferential analysis was also done. Chapter five discusses findings conclusions and recommendation of this study.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter discusses findings of this study in line with previous research that has been done by different scholars. The chapter also has four subsections this are; findings, conclusions, recommendations and areas of further studies.

5.2 Summary

The general purpose of this study was to determine factors affecting business processing outsourcing (BPO) at East Africa Breweries Limited. The study was guided by three research questions which are: how does organizational culture affect implementation of BPO in East African Breweries Limited? How does the management style affect implementation of BPO in East African Breweries Limited? and how does the service provider affect implementation of BPO in East African Breweries Limited? A descriptive research was used. The researched used questionnaires to collect data. The target population was 835 respondents from East African Breweries Limited. 418 questionnaires were distributed and only 400 were filled and returned. Data was analysed using both descriptive and inferential statistics by using SPSS and the results were presented in figures and tables.

Findings based on the first research question revealed that majority of respondents agreed that they are aware of organizational culture, organization culture consists of beliefs and organizational culture affects implementation of business process outsourcing. However, there was uncertainty on relationship the organization has with their service provider affects BPO implementation, the organization has good relationship with our service provider, employees adopt well to change, organizational culture affects implementation of BPO and employees believe change is inevitable. In addition, respondents disagreed that organizational culture is compatible with service provider's culture, there was uncertainty on whether organizational culture hinders BPO.

Findings based on the second research question established that there was uncertainty on management have the right capabilities to handle BPO implementation, management offers guidance to employee, management is committed in the BPO implementation

process, management play an active role in ensuring that values sought in outsourcing deals are realized, management is viewed as the backbone of BPO success, management offers guidance to handles disputes arising, management seeks to involve all employees in the BPO process, some outsourcing decisions have resulted into negative outcome and management seek specialist opinion before engaging vendor. However, respondents disagreed that the organization has experienced difficulty in obtaining organizational support on outsourcing activities.

Findings based on the third research question revealed that there was uncertainty on distance of service provider location from that of EABL affects service delivery, organization has mechanism in place that create conducive environment for knowledge transfer, service providers have invested time to ensure a good relationship with the organization, organization has changed vendors as a result of performance, service provider adds value to the organization, service provider objectives are aligned with the firm's objectives, service provider has the right capabilities to perform tasks outsourced and service providers staff are sufficiently trained to handle the BPO task. However, respondents disagreed on capability of service providers has resulted into competitive advantage as the service provider doesn't understands the firm's business operation and environment well.

5.3 Discussion

5.3.1 Organizational Culture

Findings revealed that employees are aware of organizational culture and organization culture consists of beliefs. According to (Nag, 2004) it is possible for organizations to manage their culture by getting feedback from the employees to see the level of alignment with the desired culture. The desired culture can be defined then measured through an employee survey. In addition, when there is appropriate knowledge of an organizational culture that is strong and healthy it then provides external and internal members a sense of importance and purpose in an organization since there is adoption of organization's shared meaning (Scheid, 2011).

According to Gjuraj, (2013) culture consists of a group of people living at the same place and having shared attitudes, values, beliefs, assumptions, and behaviour. Organizational culture refers to a system of shared meaning held by members that distinguish the

organization from other organizations and the set of key values, assumptions, beliefs, understandings, and norms that members of an organization share.(Robbins & Judge, 2007)

Findings also revealed that organizational culture affects implementation of business process outsourcing. According to Jones (2007), whenever an organization wants to outsource the first place that should be looked into is the culture in that organization. Culture should be matched first to avoid cases of lack of coordination. The work culture of the client should be in alignment with the provider's culture. The type of culture by both organizations can be well diagnosed using Schneider model with the four quadrants; control, collaboration, competence, and cultivation.

It was established that employees disagreed on the relationship the organization has with their service provider affects BPO implementation. In contrast according to Swar et al. (2010) the relationship between the service buyer and the provider is an extremely important factor which influences the success or failure of the outsourcing arrangement. The authors even say that understanding this relationship is not only related with the nature of the contract between the two parts but also with the results of the dependency created between the two parts. The practice of outsourcing is moving from the focus solely in the contract to the focus on relationships.

Findings revealed that employees disagreed with the statement that they adapt well to change and employees believe change is inevitable. According to Friday (2011), it is however possible for organizational implementation of change to fail and the biggest contributor being resistance to change. This is mainly from the employees who may have reason to believe that the implementation change will fail to bring any improvements or could even result in an uncomfortable working environment for instance strict organizational culture that is not open to non-members could have a very hard time accepting outsourcing into the organization. However according to Hasle, Bojesen, Langaa and Bramming (2012) noted that when the employees are involved in the implementation of change then the chances of its success are higher as the expected outcomes are clearly defined.

It was established that respondents disagreed on organizational culture is compatible with service provider's culture. In contrast, according to Lane & Lum (2010) business issues

necessary include each other's vision, values, goals, culture and ethical principles. It is possible that problems arise when two organizations do not have understanding for each other cultures. It is possible to salvage strained relationships that could be in danger of creation of a serious problem for the facility organization

5.3.2 Management on BOP Implementation

Findings revealed that respondents disagreed on management have the right capabilities to handle BPO implementation and management is committed in the BPO implementation process. Management need to possess the correct ability necessary to implement BPO. Power *et al.*, (2006) identified ten most common challenges firms face in the implementation of outsourcing strategy, these are lack of management commitment, minimal knowledge of outsourcing methodologies, lack of an outsourcing communications plan, failure to recognize outsourcing business risks, failure to tap into external sources of knowledge, not dedicating the best and brightest internal resources, rushing through the initiative not appreciating cultural differences, minimizing what it will take to make the vendor productive and poor relationship management program.

In contrast, According to In Davis (2015) a committed senior management will in hand get an even more committed team. As long as the employees notice that their senior management is keen and serious with the outsource implementation then they follow as long as they feel that they are part of the whole implementation process and are not left behind. The implementation process of outsourcing is fastened by a committed and motivated senior management.

There was uncertainty on management offers guidance to employee, management seeks to involve all employees in the BPO process. A fast implementation process is also brought about by an active implementation team. Proper communication of the implementation of outsourcing should be done by the senior management to all members of the organization to reduce any resistance or confusion in the organization (Trkman, 2010). Improper communication delays the implementation process as the employees would want to know what is going on and why there is bringing in of new personnel (Krüger, Bob & Ron, 2010).

It was established that respondents disagreed on management is viewed as the backbone of BPO success. In contrast, according to Haugen, Musser, and Lovelace (2009) note that

senior management is key in the implementation of outsourcing services. When there is lack of agreement between the senior management on outsource implementation then the whole process cannot work. There should be a consensual agreement among all the senior management where they all agree to outsource a service because it is inefficient or it lacks in the organization.

Findings revealed that respondents disagreed on management offers guidance to handles disputes arising. According to Beaumont and Sohal (2004), BPO processes quickly fall apart when every time there is a disagreement, each side comes to the table seeking to prove that something is in or out of scope. Such forums quickly become frustrating, where the party that will push extremely hard and stick to their course will win, and get their way, rather than the parties coming to an agreement about what is the best decision. If management doesn't have the capabilities to deal with such conflict success of BPO implementation will hang on the balance.

Respondents disagreed on the organization has experienced difficulty in obtaining organizational support on outsourcing activities. Difficulty in obtaining organizational support and indecisiveness on which activities to outsource, results in increased chances of failure. However, the positive implications of BPO services for a company's performance also depend on the managerial ability of the BPO client company to have a clear and detailed BPO model (Kakabadse & Kakabadse, 2005).

5.3.2 Service Provider on BPO Implementation

Findings revealed that respondents disagreed on distance of service provider location from that of EABL affects service delivery. Findings revealed that respondents disagreed on organization has changed vendors as a result of performance. Many hiccups associated with outsourcing come up from failure of vendors to deliver and meet the performance requirement of the outsourcer. One of the reason why many vendors fail in delivering the client expectation as per laid down specification or contractual obligation is lack of capabilities or poor execution of tasks. The client at all times must have mechanism in which he is able to measure the performance of the vendor and ensure that it's as per the set levels in the SLA. Having an effectively stems for measuring performance of vendors can also be used to compare performance level for other potential vendors out their (Ranganathan & Balaji, 2007).

Findings revealed that respondents disagreed on organization has mechanism in place that create conducive environment for knowledge transfer and service providers staff are sufficiently trained to handle the BPO task. In contrast, According to Ranganathan and Balaji (2007), knowledge sharing between vendors and clients is one of the most important aspects of outsourcing. This involves having mechanism in place so that one creates conducive environment for relevant knowledge transfer. Knowledge sharing is a complex task and thus makes its management very complex. Knowledge is distributed on both side where client poses business need knowledge and the vendor poses technical knowledge, process knowledge etc. Global vendors have been practicing knowledge management to improve the level of service to which they deliver to their clients.

It was established that respondents disagreed on service providers have invested time to ensure a good relationship with the organization and service provider adds value to the organization. In contrast, according to Webb and Laborde (2005) the relationship approach of outsourcing can create success for both client and service provider, however the value proposition may lead to a win-win situation where both firm and service provider wants the value of services to the customer satisfaction and service provider sees the contribution of such values in its own business. If service provider finds value in doing the business with a firm he will invest time and resources to ensure the relationship succeed. If the vice versa occurs firm will lose its competitive advantage.

Findings revealed that respondents disagreed on service provider objectives are aligned with the firm's objectives and service provider has the right capabilities to perform tasks outsourced. According to Cromie and Zott (2013) an organization can repair troubled outsourcing relationship by, De-Emotionalize the Situation. It involves getting rid of any emotions from the discussion and holds a face to face meeting that should start with statements of win-win on both parties hence the parties are required to think of getting a win-win solution. Establishment of realistic objectives and expectations. It is where both parties should re-evaluate the objectives and expectations that had been established when making the contract (Losonci, Demeter & Jenei, 2011). It could be that the expectations were unrealistic or were not clearly defined which is among the main reasons why outsourcing relationships are strained.

Findings revealed that respondents disagreed on capabilities of the service provider has resulted into competitive advantage and service provider understands the firm's business

operation and environment well. According to Jennings (2002), effective strategies seek out places where there are market imperfections or knowledge gaps that the company is uniquely qualified to fill and where investments in intellectual resources can be highly leveraged. Companies consistently make more money than their competitors only if they can perform some activities, which are important to customers, more effectively than anyone else. True focus in strategy means the capacity to bring more powers to bear on a selected sector than any competitors can. Therefore, inadequate capabilities of service provider results in loss of competitive advantage and loss of market share. Service providers who form the major backbone of business process sourcing are faced with key challenges, ranging from; organizing and designing the work, facilitating employee transitions, managing performance, managing turnover and legal obligations

5.4 Conclusions

5.4.1 Organizational Culture

Organization culture consists of beliefs, values and norms that are shared amongst a group of people. EABL has an organizational culture that employees are aware of. In addition, before outsourcing the organizations considers their culture and ensures that decisions are in line with their culture. However, the relationship that the organization has with its service providers affects the implementation of BPO and employees do not adopt well to change.

5.4.2 Management on BOP Implementation

EABL does not have the right managers, who are committed and have required capabilities to handle implementation of BPO, manage dispute during the implementation process and negative outcome has resulted due to outsourcing.

5.4.3 Service Provider on BPO Implementation

The organization does not have mechanism in place to easily transfer knowledge; service providers have not created time to ensure that they have a good relationship with EABL hence leading to EABL changing vendors.

5.5 Recommendation

5.5.1 Recommendation for Improvement

5.5.1.1 Organizational Culture

EABL should ensure its culture and service providers culture are compatible. Through this an organization was able to create a good relationship with their service provider hence successful implementation of BOP. EABL should also ensure that they involve employees in the implementation process therefore reducing resistance to change

5.5.1.2 Management on BOP Implementation

To successful implement BOP, EABL should ensure that it has managers, who are committed, offer guidance during the implementation process, ensure that employees are involved in the implementation process hence reduce resistance to change and look for more information about vendors before outsourcing thus reduce difficulty in getting support on BOP.

5.5.1.2 Service Provider on BPO Implementation

EABL should ensure that it has service providers that are easily accessible and add value to their organization, EABL's objectives and service provider's objectives are in line, outsource service providers that are able to perform task effectively and understand EABLs business operation and environment.

5.5.2 Recommendation for further Studies

The objective of the study was to investigate factors affecting business processing outsourcing. The study was only conducted at EABL. A similar study should be done to identify is factors identified affects other company during BOP and also to identify other factors that affects BOP.

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APPENDIX 1: COVER LETTER

Charles Wahome Kariuki

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Nairobi, Kenya

Email: wahomeck@gmail.com

July 7, 2016

Dear Respondent,

RE: FACTORS AFFECTING BUSINESS PROCESSING OUTSOURCING (BPO) STRATEGY: A CASE STUDY EAST AFRICA BREWERIES LIMITED

I am a graduate student at United States International University pursuing a Master's degree in Business Administration (MBA) with a concentration in Strategic Management. In partial fulfilment of the requirement for the degree, I am carrying out a research project on "on assessing the factors that affect BPO implementation in EABL"

The findings will add value to how the EABL management, staff & vendors by helping them understand the best practices in BO implementation and implement future research proposals. Your views and perspectives on how BPO is been implemented in your organizations will remain confidential. The personal information provided was used to make follow up and share the study findings, when absolutely necessary. I hope this makes you free to respond to the questions in this booklet.

For further questions, you are free to contact me on +254725015590

Thank you in advance,

Yours Sincerely,

Charles Wahome

APPENDIX II: QUESTIONNAIRE

PART I: GENERAL INFORMATION

Name of the organization.....

1. Gender: Male [] Female []

2. Age Bracket

Below 20 Years [] 20-29 years [] 30- 39 years []

40-49 years [] 50 years and above []

3. What is your designation?

Manager [] Supervisor [] Assistant Manager []

General Staff [] Others (specify.....)

4. Your highest level of education

Secondary [] University [] Master [] PhD []

5. What are the major services that you have outsourced? List them in the order of the most outsourced service.

i)

ii)

iii)

iv)

v)

vi)

SECTION II. Organizational Culture

Please indicate the degree to which you agree or disagree that the following statements regarding Effects of organizational culture towards BPO implementation Use a scale of 1-5 where [1] Strongly Disagree; [2] Disagree; [3] Neutral; [4] Agree; and [5] strongly Agree

Statement	1	2	3	4	5
I am aware of the organizational culture					
The organization culture consists of beliefs					
organizational culture affects implementation of business process outsourcing in this organization					
We consider culture of the organization before outsourcing from them					
Employees in our organization adopt well to change.					
Employees believe change is inevitable					
We have a good relationship with our service provider					
The relationship with our service provider affects BPO implementation					
Organization culture is compatible with service provider's cultures					
Organizational culture hinders implementation of BPO					

What other factors regarding organizational culture affect implementation of BPO

SECTION III. Management on BPO implementation

Please indicate the degree to which you agree or disagree that the following statements regarding management behavior towards BPO Use a scale of 1-5 where [[1] Strongly Disagree; [2] Disagree; [3] Neutral; [4] Agree; and [5] strongly Agree

Characteristics	1	2	3	4	5
Management have the right capabilities to handle BPO implementation					
There is clear commitment by management in the BPO implementation process.					
Management offers guidance to employee and					
Management offers guidance to handles disputes arising.					
Management play an active role in ensuring that values sought in outsourcing deals are realized.					
Management seek specialist opinion before engaging vendor					
We have experienced difficulty in obtaining organizational support on outsourcing activities					
Management seeks to involve all employees in the BPO process.					
Management is viewed as the backbone of BPO success					
Some outsourcing decisions have resulted into negative outcome					

What other effects does management have on BPO implementation? _____

SECTION IV. Service Provider on BPO Implementation

Please indicate the degree to which you agree or disagree that the following statements. Use a scale of 1-5 where [1] Strongly Disagree; [2] Disagree; [3] Neutral; [4] Agree; and [5] strongly Agree

Statements	1	2	3	4	5
Service provider has the right capabilities to perform tasks outsourced.					
Service provider objectives are aligned with the firm's objectives.					
Distance of service provider location from that of EABL affects service delivery.					
Service provider adds value to the organization.					
Service provider understands the firm's business operation and environment well					
Service providers staff are sufficiently trained to handle the BPO task					
Service providers have invested time to ensure a good relationship with the organization.					
Capability of service providers has resulted into competitive advantage for the firm.					
The organization has changed vendors as a result of performance					
The organization has mechanism in place that create conducive environment for knowledge transfer.					

What other effects does service providers have on BPO implementation?

SECTION V. Business Process Outsourcing (BPO)

Please indicate the degree to which you agree or disagree that the following statements. Use a scale of 1-5 where [[1] Strongly Disagree; [2] Disagree; [3] Neutral; [4] Agree; and [5] strongly Agree

Statements	1	2	3	4	5
Outsourcing has helped EABL cut costs					
EABL has availability of experienced professionals as a result of outsourcing					
BPO has enabled EABL focus on core business					
BPO has enabled EABL access to the latest updated Technologies					
BPO has resulted into excellent customer feedback at EABL					