THE EFFECTS OF OUTSOURCING ON EMPLOYEE PERFORMANCE AT THE LOGISTICS DEPARTMENT AT EAST AFRICAN BREWERIES LIMITED.

BY

TERESIA MWIHKAI WAGACHIRE

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2018
THE EFFECTS OF OUTSOURCING ON EMPLOYEE PERFORMANCE AT THE LOGISTICS DEPARTMENT AT EAST AFRICAN BREWERIES LIMITED.

BY

TERESIA MWIHKAI WAGACHIRE

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2018
STUDENT’S DECLARATION

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

Signed_________________________ Date________________________

Teresia Mwihaki Wagachire (ID 650206)

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

Signed_________________________ Date________________________

Fred Newa

Signed_________________________ Date________________________

Dean, Chandaria School of Business.
ABSTRACT

The purpose of this study was to establish the effect of outsourcing on employee performance: A case of the logistics department at the East African Breweries. The study was guided by three research questions, namely; what is the effect of structure on employee performance due to outsourcing?; what is the influence of decision making processes on employee performance as a result of outsourcing decision making processes?; and what is the influence of culture on employee performance due to outsourcing.

The study adopted a descriptive research design. From the population of 660 employees, a sample of 81 respondents was given questionnaires for data collection out of whom 75 responded giving a 93% response rate. Data was analyzed using descriptive statistics where mean and standard deviation was calculated. Inferential statistics was also employed to analyze the relationship between the dependent and independent variables. The data was organized according to the research objectives and presented using tables and figures.

Majority agreed that they have a clear defined structure, detailed ways of working and systematic procedures in your organization and change in structure has affected ways of working. It was also revealed that respondents support different reporting and escalation matrix due to the availability of third party logistics provider, they also agreed that there was a need to improve the overall structure in the institution. A Pearson correlation was done to establish the relationship between employee performance and other factors and the findings revealed that there was a positive relationship between employee performance and company structure.

The study revealed that there is a clear matrix used by managers on decision making process. The results also showed that there was a need to improve the overall decision making process in the institution. A Pearson correlation done to establish the relationship between employee performance and organization decision revealed a negative insignificant correlation between employee performance and organization decision.

The respondent agreed that organizational culture has an influence on employee performance reliability. They also noted that a change in culture, beliefs and the environment affects employee performance. At the same time outsourcing strategies has a negative impact on the perceived quality of work-life dimensions. A Pearson correlation
was done to establish the relationship between employee performance and organization culture revealed that there was a positive and significant correlation.

The study concluded that East African Breweries has ensured that companies that they outsource maintain a clear defined structure that has the capability to detail ways of working and systematic procedures. Secondly, there is a clear matrix used by managers on decision making process and the decision making process has affected employees ways of working in relation to decisions made by the managers or business in general. Thirdly, there is a lack of awareness among employees in regard to cultures exercised in the organization although there is an agreement that organizational culture has an influence on employee performance reliability.

On the basis of the findings, it was recommended that EABL should strive to maintain a clear defined structure, detailed ways of working and systematic procedures. Managers should also be encouraged to offer closer guidance to the low level staff in order to encourage self-actualization and freedom of action. The study recommends that EABL should ensure that there is a clear matrix used by managers on decision making process. All issues need to be dissolved and this is made possible by minimization of bureaucracy in the organization structures. Lastly, there is a need to create awareness on the expected culture from the outsourced firms, in order to ensure good working relationships. Outsourcing firms should be encouraged to work together despite there different cultures to ensure EABL meets its mission.

The researcher recommends that the study be extended to other departments that are either directly or indirectly affected by outsourcing. So as to gauge the interdependency of departments during outsourcing with regards to the firms overall effect on an organization’s competitiveness. A study on the factors that affect co-dependency of employees during outsourcing would also be viable.
ACKNOWLEDGEMENT

I am extremely thankful to the Almighty God for granting me enough strength, good health, wisdom and courage to complete this enormous task.

I also appreciate Prof. Fred Newa, my supervisor, who continues to be an excellent and committed mentor. His assistance, tolerance and encouragement has helped me to complete this work.

Appreciation to my colleagues, family and friends who were constant pillars of strength.
DEDICATION
This research is dedicated to my family. The hidden strength behind my success.

Dad, I am sure you are so proud of me. This is for you.

Mum, your love, sacrifice and commitment towards giving each and every one of us an education remain unrivalled. Thank you.

Shiko and Mbugua, your patience, motivation, painstaking help, support and kind cooperation throughout the study.

TABLE OF CONTENT

STUDENT'S DECLARATION .................................................................................................................. ii
ii ABSTRACT ........................................................................................................................................ iii
iii ACKNOWLEDGEMENT ................................................................................................................ v
DEDICATION.........................................................................................................................vi
vi LIST OF TABLES
CHAPTER ONE .................................................................................................................. 1
1.0 INTRODUCTION ........................................................................................................ 1
1.1 Background of the Study ............................................................................................ 1
1.2 Statement of the Problem ........................................................................................... 5
1.3 General Objectives ..................................................................................................... 6
1.4 Specific Objectives .................................................................................................... 6
1.5 Justification of the Study ........................................................................................... 6
1.7 Definition of terms ................................................................................................... 7
1.8 Chapter Summary .................................................................................................... 8

CHAPTER TWO ............................................................................................................ 9
2.0 LITERATURE REVIEW .......................................................................................... 9
2.1 Introduction ................................................................................................................ 9
2.2 Influence of Organizational Structure of Employee Performance ...................... 9
2.3 Decision Making Process Versus Employee Performance ..................................... 133
2.4 Organization Culture Versus Employee Performance ............................................ 19
2.5. Chapter Summary .................................................................................................. 233
CHAPTER THREE ............................................................................................................. 255

3.0 RESEARCH METHODOLOGY .................................................................................. 255

3.1 Introduction ............................................................................................................. 255

3.2 Research Design ..................................................................................................... 255

3.4 Data Collection Method .......................................................................................... 28

3.5 Research Procedure ............................................................................................... 28

3.6 Data Analysis Method ............................................................................................ 29

3.7 Chapter Summary ................................................................................................... 300

CHAPTER FOUR ............................................................................................................. 311

4.0 RESULTS AND FINDINGS ...................................................................................... 311

4.1 Introduction ............................................................................................................. 311

4.2 Demography ........................................................................................................... 311

4.3 Employee Performance and Outsourcing ................................................................ 344

4.4 Effects of Structure on Employee Performance .................................................... 355

4.5 Influence of Decision Making Processes on Employee Performance ................... 38

4.6 Effect of Culture on Employee Performance ....................................................... 39

4.6 Multiple correlation ............................................................................................... 422

4.7 Regression analysis ............................................................................................... 433

4.8 Chapter Summary ................................................................................................. 455
CHAPTER FIVE ....................................................................................................................... 466
5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS ........................................ 466
5.1 Introduction ......................................................................................................................... 466
5.2 Summary of Findings .......................................................................................................... 466
5.3 Discussions ......................................................................................................................... 47
5.4 Conclusion .......................................................................................................................... 522
5.5 Recommendations .......................................................................................................... 533

REFERENCES ......................................................................................................................... 555
APPENDIX I: QUESTIONNAIRE .............................................................................................. 67

LIST OF TABLES
Table 4.1: Response Rate ......................................................................................................... 31
Table 4.12: Coefficients of Employee Performance and Organization Culture .................... 34
Table 4.2: Employee Performance and Outsourcing ............................................................... 35
Table 4.3: Descriptive Statistics of Structure on Employee Performance ............................ 36
Table 4.4: Descriptive Statistics of Decision Making Processes on Employee Performance .... 39
Table 4.5: Descriptive statistics of Culture on Employee Performance ............................... 40
Table 4.6: Multiple Correlation Of Employee Performance and Cofactors ............................ 42
Table 4.7: Model Summary of Employee Performance and Organization structure ............ 36
Table 4.8: Anova of Employee Performance and Organization Structure ............................ 36
Table 4.9: Coefficients of Employee Performance and Organization Structure .................... 37
Table 4.10: Model Summary of Employee Performance and Organization Culture ............ 44
Table 4.11 Anova of Employee Performance and Organization Culture ............................. 44
Table 4.13: Model Summary Of Employee Performance and Co Factors ............................ 45
Table 4.14: Anova of Employee Performance and Co factors .................................45
Table 4.15: Coefficient of Employee Performance and Co factors .........................46

LIST OF FIGURES
Figure 4.1: Gender ..................................................................................................31
Figure 4.2: Respondents Age ................................................................................32
Figure 4.3: Education Level ...................................................................................32
Figure 4.4: Company Worked ................................................................................33
Figure 4.5: Years worked .......................................................................................33

ABBREVIATIONS AND ACRONYMS
BPO : Business process outsourcing
CEO : Chief Executive Officer
DCT : Dynamic Capability Theory
EABL : East African Breweries Ltd
HR : Human Resource
ICT : Information Communication and Technology
R&D : Research and Design
SD : Standard Deviation
CHAPTER ONE
1.0 INTRODUCTION

1.1 Background of the Study

Click and Duening (2014) define Business process outsourcing (BPO) as the movement of business processes from inside the organization to an external service provider. BPO initiatives often include shifting work to international providers since the infrastructure is well established in the recent days. Business Process Outsourcing according to Mehta, Armenakis, Mehta, and Irani (2015) found that an external service provider can be given operational ownership of the company’s business for one or more than one activities. Five BPO international hot spots have emerged, although many other firms from other countries specialized in various businesses. India has specialized in outsourcing at engineering and technical products, China on manufacturing and technical outsourcing, Mexico has created a niche in manufacturing outsourcing, United States outsources in analysis and creativity and the Philippines have created a niche in the outsourcing of administrative duties. Outsourcing involves the transferring of value contributing activities and also processes to another firms who specialize in them to reduce on the operating costs of a company or business. In addition, it ensures that companies concentrate on their core business (Ramachandran & Voleti, 2012).

Business process outsourcing is a key pillar in economic growth and development by the year 2030 as realized in the economic blueprint towards attainment of middle class income status in Kenya. Further, Vision 2030 notes that outsourcing at the industrial sector will create thousands of jobs to unemployed youths in Kenya. An oversight over the key success factors of BPO could be the ability to understand customer needs and specific domains in business acquisition (Ramachandran & Voleti, 2012). The emergence of internet and how fast its growing as a platform for doing business and as a communication channel has introduced a variety of opportunities for outsourcing business processes across various nations and continents (Ramachandran & Voleti, 2012)

There are three major categories of motivations for outsourcing: cost, strategy, and politics.

Outsourcing for cost reasons occurs when the suppliers’ costs are low enough to deliver a service for a lower price even when overhead, profit, and transaction costs are added
In a survey of several public organizations in Australia done by Domberger & Fernandez, 2015), outsourcing of cleaning services helped companies save an average of 46 percent over in-house performance of the service. Having fewer employees requires less infrastructure and support systems which may result in a more nimble and efficient organization.

Outsourcing as a strategy ensures that companies always concentrate on what their core business is. (Ramachandran & Voleti, 2012). With factors like intense competition, organizations have to reassess and redirect scarce resources to outsourcing and ensure all focus is on achieving their main objectives. Political motivation involves political candidates promoting outsourcing ideas, particularly as a campaign strategy, to demonstrate their willingness to make positive changes in an area. Once laws are enacted, the public organization has no choice but to comply. In such situations the outsourcing drivers are the governing laws and executive orders. Companies may also choose to outsource in order to avoid government regulations or mandates like environmental regulations and many safety regulations and requirements.

Adoption of BPO has become the norm with outsourcing being viewed as the centre of focus in different sectors due to its envisaged potential to reduce costs and enhance efficiency (Fitzgerald & Khan, 2012). With outsourcing, some disadvantages are experienced. Outsourcing includes a relationship with the third party to undertake the outsourced function. It involves negotiating, signing of contracts and the day-to-day communication of the oversight of the outsourced work which will require time and a lot of involvement of the company's legal counsel. Security is a very important factor in outsourcing. The new contract will definitely involve the third party organization to access sensitive business data, trade secrets and other confidential information that is necessary for it to perform its contracted function. Loss of jobs is expected when a function is outsourced and this will have some negative public relations for the company. The company would face a threat on their brand reputation (Bucki, 2017).

Kenya now has improved IT infrastructure, political stability and English language capabilities, which are essential in BPO if a country hopes to become a major BPO destination globally. Collaboration and Outsourcing, the 2015 Kenya ICT Strategy launched by the president of Kenya, created the framework for Kenya to focus on global
business processes as a way of generating jobs for young people and generating wealth for local entrepreneurs and investors (ICT board Kenya, 2012). As an indication of how important this sector is to Kenya’s economic growth, BPO is one of the pillars in the government’s Vision 2030 document which was unveiled in 2013. According to Manono (2012) the aim of the Kenyan government was to have development targets in the use of technology as well as emulating countries like India and China which are very successful in outsourcing. The growth in Information and Communications Technology (ICT) through the incorporation of fibre-optic cable infrastructure will boost outsourcing activities. To make Kenya a leading BPO destination, the government pledges to create a conducive and enabling environment whereby stand-alone operations or joint ventures thrived hence make the country more attractive to investors.

Amanda (2011) stated that active application of change management is an important tool for accomplishing the necessary procedural change that is part of outsourcing. Outsourcing initiatives must be accompanied by a well thought out change management program early on, to help employees overcome fears and the natural resistance to change. Building a strong, cohesive and enduring relationship between the client organization and the outsourcing agency is possible only if a well-conceived change management policy is put in place. Amanda insists that an effective change management program must include a failproof communications strategy for each key stakeholder groups in the organization, including the managers and staff. It is true that many client organizations pay scant attention to acclimating people on both sides to the changed circumstances when hiring outsourcing teams.

To instil confidence in the minds of all employees, an appropriate redeployment and retention of employment plans must be in place. All staff members must be made to feel secure and that outsourcing must not affect the existing roles and responsibilities of each of the employees. There should possibly be a training program to help employees, managers, and others in the retained organization understand how to work with the outsourced agency (Amanda, 2011).

Gabriele, Arjen and Jochen (2013) provided a clear warning that organizational change is more risky and multifaceted than change initiators typically assume. It is stresses that the external environment and the internal dynamics of organizations co-determine the meaning of managerial practices. This implies that cure-all recipes to organizational
change are bound to fail. This was after a study in Netherlands on the basic organizational change concept and gave results of what actually happens in organizations.

Age and Margit (2016) wanted to understand how employees make sense of a structural change in a public organization, in order to understand which practices form the change and how individual elements (rules, understanding etc) may shape the process of such changes. They found out that structural reorganization and the sharing of information and involving employees shape the process of structural change within the organization. These practices are formed of positive and negative ways of doings, some of which have become in-house habits and a few which have become rules of the organizations. There were competing understandings and enactments of named elements in the organization, indicating that organizational practices exist beyond individuals and that it takes a collective effort to change them. All organizations will go through change and they all have different approaches and reactions by the employees on the change. For most of them organizational change has become synonymous with downsizing by cutting expenses and retrenching employees and therefore trepidation by those who are likely to be affected (Tefera & Emmanuel, 2016)

The study will looked at East African Breweries Ltd (EABL) and its contract with French multinational Bolloré Transport and Logistics Kenya as their service providers as their warehouse managers. According to the Daily Nation on 17th August 2016, Bolloré Logistics Kenya secured a contract to provide warehouse management services to Kenya Breweries, a subsidiary of Diageo and the largest beer manufacturer in East Africa. The scope of the contract involved site management of the brewer’s warehouse facility in Nairobi, approximately 100,000 sqm of both covered warehouses and open yards. Bolloré Logistics was to handle all customs and regulatory services, inventory management of product from the production line, as well as manage the loading and dispatch of product to and from the facility, a rotation of approximately 550 trucks per day.

A considerable investment in technology, human resources and equipment was made to handle the 24/7 operation. Bolloré was run using SQUARE Warehouse Management System. The article also talks about how DHL Supply Chain issued dozens of its 300 employees stationed at EABL’s Ruaraka headquarters with redundancy letters after the brewer gave the warehousing job to Bolloré Transport and Logistics Kenya. DHL
initiated talks with rival Bollore to absorb some of its staff even as it redeployed other employees to different departments.

1.2 Statement of the Problem
Outsourcing is one major strategy that companies utilize in order to have a competitive advantage in the current dynamic environment. Most organizations and institutions have adopted outsourcing of some of the value chain activities to third parties. Some outsourcing benefits resulting from the process are such as lower cost, better customer satisfaction and more importantly freeing the management to concentrate on the more strategic issues by ceding the non-core functions to specialized firms (Akeshuwola & Elegbebde, 2012). While many firms have adopted the outsourcing strategy in their operations to improve their competitiveness, others have not, leading many to ask what driving factors influence the decision to use outsourcing and how such outsourcing improves organizational performance.

Outsourcing will involve change in the way people operate and how they adjust to changes. A common challenge to strategic change management is resistance from employees who will have the feeling that the change is being forced on them. According to Chapman (2014), introducing change in an environment characterized by such resistance renders the change is hardly achievable. This is because a change in the „status quo” normally creates some apprehension on the part of those who have not fully appreciated the change outcomes and their implications. It points towards the need to prepare the ground and make it fertile for change whenever it may occur. Most change projects always fall short on their goals and instead produce high opportunity and process costs, which at times outweigh the content benefits of organizational change. It is important that management pays attention to resistance to change and the way employees regulate their emotions, because both can have an important impact on work-related outcomes, such as job satisfaction and turnover intention.

This research will aim to study the impact of outsourcing variables such as culture, communication, Employee development, tolerance to change, change in structure, decision making processes and its effect on employees performance .The research study will therefore help to improve the understanding of organizational change and its possible effects on performance by employees in a company.
1.3 General Objectives

The general objective of the study was to investigate the effects of outsourcing on employee performance at the Logistics Department at EABL.

1.4 Specific Objectives

1.4.1 To investigate the effects of structure on employee performance due to outsourcing

1.4.2 To determine the influence of decision making processes on employee performance as a result of outsourcing

1.4.3 To determine how culture influences employee performance due to outsourcing

1.5 Justification of the Study

The idea of investigating on the impact of outsourcing on employee performance is to benefit the many stakeholders associated with EABL and how each department can learn from the study and make adjustments to adjust to the changes effectively.

1.5.1 Logistics Department at EABL

As the department that is on focus for the study, it wasnefit the department on making decisions and what strategies to put in place. It wasnefit them from getting to know what measures to be taken and how to operate.

1.5.2 East African Breweries Limited

As an organization, the study wasnefit other departments in the organization on the findings from the study to learn on how to go about an outsourcing project. The study will assist the departments have an idea on what would work for the organization and what can’t work.

1.5.3 Shareholders

The study will educate the shareholders on the importance of outsourcing to the organization and how it’s important to involve all employees in the process to have successful results.it will give a clear picture on what is needed.
1.5.4 Employees

Involving the employees in the process of outsourcing is one very important aspect which makes the whole process easy to adopt and work with. Employees are critical members of the organizations and it’s important to have them involved in the whole process. They will give insights in whole process on what would work and what needs change.

1.5.5 Regulators

Regulators put policies and ways of working of the project and they really have a big impact on the implementation of a new project.

1.5.6 Customers

An input by the customers on any new changes in the organization is really helpful to avoid distractions from them, to retain them and show them how their input is really valued. Since customers are an important arm of the organization, it’s wise to have them involved.

1.5.7 Scholarly Community

The study will help many other scholars who was researching on change management. It further was a basis for more research to be undertaken on the topic and more insights are developed.

1.6 Scope of the study

The study focused on the logistics department at East African Breweries Limited. The department involves staff from EABL, parapet who offer cleaning services, Bollore who offer warehouse services among others. The study was conducted from March to May 2018 and involved 81 staff from the different companies.

1.7 Definition of terms

1.7.1 Outsourcing

Business process outsourcing (BPO) is the movement of business processes from inside the organization to an external service provider (Click and Duening, 2014).
1.7.2 Employee Performance

The job related activities expected of a worker and how well those activities were executed. Many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify suggested areas for improvement. It is the measurement of the ability of an employee to accomplish his or her mission based on the expectations of an organization.

1.7.3 Organization Culture

Organizational culture refers to a value 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 and Judge, 2013).

1.7.4 Organization Structure

Organizational structure refers to the formal configuration between individuals and groups with respect to allocation of tasks, responsibilities and authority within organizations (Greenberg, 2014)

1.7.5 Decision making

Decision-making is the study of identifying and choosing alternatives based on the values and preferences of the decision maker (Montana and Charnov, 2013).

1.8 Chapter Summary

The chapter introduces the topic and the problem to be studied. It has defined what outsourcing is and how to deal with it. The chapter has started the general and specific objectives which was discussed later in chapter Two. The scope of the study was East African Breweries Limited. The major terminologies to be mentioned in the study have been defined.

Chapter Two was discuss each objective and all the studies undertaken to support the objectives. Chapter Three will discuss the sampling frame, procedures and techniques that was used for the study. Chapter four will discuss the findings obtained from the research that was undertaken. Chapter five will conclude the study by giving the conclusion of the study and give recommendations.
CHAPTER TWO
2.0 LITERATURE REVIEW

2.1 Introduction
This chapter was a representation of the different views of the various scholars that had their work published worldwide. These researchers did in depth analyses on the effects of outsourcing on employee performance. The varying opinions were based on the three research objectives that had been introduced in chapter one

2.2 Influence of Organizational Structure of Employee Performance
Organizational structure refers to the structured co-ordination of individuals’ and teamwork within an organization to achieve organizational goals and objectives. Structure is a voluble tool in achieving coordination, as it defines formal communication channels, specifies reporting relationships and describes how separate actions of individual’s are linked together.

According to Damanpour (2016) the organizational structure of a firm includes the nature of formalization, layers of hierarchy and centralization of authority that define how work is coordinated and the mechanism for problem solving and integration (Walton, 1986). In addition to providing performance control measures and behavioral prescriptions that improve the quality of decisions among employees (Germain, Cornelia & Dröge, 2008). Whenever a problem at work rises, employees know to turn to a handbook or a procedure guideline. Therefore, employees respond to problems in a similar way across the organization; this leads to consistency of behavior. For example, the Toyota Production System (TPS) which is built on the principles of just-in-time production gives power to the assembly line workers to pull a cord and stop the manufacturing line when they see a problem.

2.2.1 Employee Performance during Outsourcing
When companies outsource, they become more flexible, dynamic and competent to change themselves to exploit changing opportunities (Ramachandran and Voleti, 2012). Thus employee performance measures of productivity, quality, timelines, cycle time, utilization, are targeted for improvement.
Because of outsourcing, firms are able to gain a competitive advantage in select areas that they have concentrated their resources (Hamel & Prahalad, 2017). Which enables them to apply world-class resources to select areas of competition, that generate the firms core competency. Thus resulting in a definitive improvement in the employee performance (Kotabe, Mol & Masaaki, 2008). Conflicts in outsourcing are a result of difference of interests between the client and their vendors. One of the major risks in outsourcing is contractual conflicts, which arise because of: differences in objectives of the client and vendor. If conflicts are not resolved amicably, the hostility and bitterness resulting from them can lead to negative consequences including lower employee performance, employee resistance and employee turnover (Quinn & Hilmer, 2017).

Critics of the positive effects of outsourcing on employee performance, such as (Elmuti, Grunewald & Abebe, 2010) researched on the consequences of outsourcing strategies on employee quality of work life, attitudes and performance. The results of their research indicated that outsourcing strategies had a negative impact on the perceived quality of work-life dimensions. Big global organizations adopt outsourcing to tap in to the flexibility, expertise and innovation of the best worldwide knowledge sources provided by the external partners (Grimpe & Kaiser, 2010) to enable them to react quicker to customer requirements. For example, large system producers such as Boeing in aerospace, Ford in transportation and AT&T in telecommunications have continuously acknowledged that their central R&D groups can barely match the innovative capabilities of a well-managed outsourcing system, except in their core competencies. Ford has evolved from 70 percent insourced to 70 percent outsourced and Boeing to almost complete electronic components outsourcing of all but a few critical systems (Kabiraj & Sinha, 2011).

2.2.2 Organization Structure

Organizational structure refers to the formal configuration between individuals and groups with respect to allocation of tasks, responsibilities and authority within organizations (Greenberg, 2014). A key determinant to strategic change that is initiated to guarantee longterm organizational competitive advantage, in the ever turbulent business environment that dictates the adoption of agility and flexibility in strategic change implementation due to environmental dynamism. Given that the organization structure is never static and is usually reconfigured to facilitate the transition to the organization’s desired future state ambitions.
Through the conformation of an organization’s resources facing environmental uncertainty, to meet the needs of markets and to fulfil shareholder expectations.

In a stable environment functional structures are more suitable to maintaining employee performance as the environment is slower to adapting to changes in customer demands and market dynamics and the employees don’t have to adapt their current skillset to match the market dynamics. Contrastingly, in a turbulent environment, a divisional structure is more suitable in order to promptly address customer demands and anticipate market changes. As each unique product or service the company is producing will have its own department in which employee performance will depend on their general mental abilities (Burns & Stalker, 2014).

The hierarchical level of an organization’s during outsourcing, can be categorized into two. Firstly, a flat structure, which consists of only a few layers of management and involves a larger number of employees reporting to each manager. Thus disadvantaging employees who need closer guidance from their managers and providing employees with greater levels of self-actualization and job satisfaction due to increased levels of freedom of action for each employee (Ghiselli & Johnson, 2017). Secondly, a tall structure which has several layers of management between frontline employees and the top executive level. Thus enabling managers to supervise and monitor employee activities, as the number of employees reporting to each manager tends to be small and results in employees experiencing lesser levels of role ambiguity due to decreased autonomy in decision making which can be detrimental to an organization (Chonko, 2015).

In summary, effective organizational structure facilitates proper working relationships among various sub units in the organization. This may definitely improve company efficiency within the organizational units. The findings reveal that organizational structure has an impact on organizational performance. It also indicated that there is a relationship between specialization of work process and labor productivity which implies that organizational structure affect the behavior of employees in the organization.

It can further be concluded that performance of an organization largely depends on the structure of the organization. When a clear structure exists people perform better, tasks are divided and productivity is increased. Without a doubt, having an appropriate organizational structure in place, one that recognizes and addresses various human and
business realities of the firm under scrutiny is a necessity for long term success. It is therefore recommended that management should critically analyze the effectiveness and efficiency of the organization by ensuring proper structures are put in place and implemented with the aim of achieving set goals. Organizations should also endeavor to have well-structured mechanism in order to achieve laid down objectives.

2.2.3 Organization Structure Versus Employee Performance

This study employed the Resource-Based View theory as argued by (Barney and Clark, 2013). Who provided a logical explanation to the growth rate of the firm by clarifying the causal relationships among firm resources, production capability and performance. Their concern was mainly on the efficient and innovative use of resources? They claimed that bundles of productive resources (i.e. human capital) controlled by firms could vary significantly by firm, that firms in this sense are fundamentally heterogeneous even if they are in the same industry.

Furthermore, the actual stock of human capital in a firm can and does change overtime (i.e. outsourcing), and must constantly be monitored for its match with the strategic needs of the firm, so that firms can fill the gap between desired capabilities and actual capabilities. In addition, to formally dividing and coordinating job tasks to achieve a desired organizational outcome based on the organizational structure of the firm. This is to ensure an organization has access to and control of valuable resources that enables it to conceive or implement strategies that improve efficiency and effectiveness in the organization while providing a source of sustainable competitive advantage.

With that in mind Lado and Wilson (2017) proposed that a firm's HR practices (those HR tools used to manage the human capital pool) could provide a source of sustainable competitive advantage. They suggested that HR systems can be unique, causally ambiguous and synergistic in how they enhance firm competencies, and thus could be inimitable.

Moreover, Boxall (2015) then expanded upon this basic model, by arguing that one major task of organizations is the management of mutuality (i.e. alignment of interests) to create a talented and committed workforce. It is the successful accomplishment of this task that results in a human capital advantage (potential to capture a stock of exceptional human talent with productive possibilities). A second task is to develop employees’ and teams in
such a way as to create an organization capable of learning within and across industry cycles.

Outsourcing is a management strategy by which an organization delegates transactional work that is routine and standard and can be easily duplicated and replicated to specialized and efficient service providers, such that, the organization is left to perform and concentrate on transformational work that creates unique value for employees, customers, and investors (Ulrich, 2015).

While many firms have followed the pattern of outsourcing some part of their operations to improve their competitiveness, others have not been able to achieve a significant impact on their competitiveness. Either due to the unfamiliar complexity of outsourcing arrangements between the client and vendor or the inability of the management to effectively utilize this strategy to improve their performance (Bender, 2009).

Thus, management needs to possess the correct ability and systems necessary to implement outsourcing. Which is made possible through the coordination of the elements of organizational structure (i.e. centralization, formalization, hierarchical levels, and departmentalization) to formally divide, group and divide job tasks in an organization (Aigabe & Long, 2011). That will determine how it want its members to act, what attitudes it wants to promote and what it desires its members to attain.

Since as Hammer (2010) noted, outsourcing is not a one-off activity but it is 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 and result in conflicts (Power, Desouzaq & Bonifazi, 2015).

2.3 Decision Making Process Versus Employee Performance

Decision-making is the study of identifying and choosing alternatives based on the values and preferences of the decision maker (Montana & Charnov, 2013). This implies that
decision-making take into account myriad of alternative choices from which only one
decision is considered. A decision that best fits the recommended goals, objectives,
values, norms among others become the ultimate preference (Harris, 2015).

According to Pringle (2015) decisions can be classified on a scale extending from routine
to non-routine, contingent on the extent to which they are organized. They explained that
routine decisions (i.e. payroll processing) emphasize on well-structured conditions that
recur regularly, involving normal decision procedures, and can always be delegated to
lower levels within recognized policy parameters While, non-routine decisions (i.e.
outsourcing) are more widespread the higher one climbs the management ladder, deal
with unstructured conditions of a new, non-recurring nature, typically encompassing
inadequate knowledge, high improbability, and the use of instinct, where no substitute can
be evidenced as the best or most conceivable answer to any given problem (Prince, 2015).

2.3.1 Decision making process in outsourcing

Herbert (1967) while studying decision-making processes pointed out that rational
decisions are as a result of three processes. Firstly, observing the performance options
before a decision in a comprehensive manner, secondly, bearing in mind the complete
multifaceted costs that would accompany each decision, and thirdly, using a defined
structure of principles, as a standard for separating out a decision from the complete set of
options. Rational decision-making, therefore, entails enhancing, or maximizing, the
outcome by selecting the single best alternative from among all possible solutions to a
problem at hand.

There are three major motivations for outsourcing namely: cost, strategy, and politics. The
first two commonly drive outsourcing by private industry. Political agendas often drive
outsourcing by public organizations (Kakabadse & Kakab dense, 2012). While there may be
three categories, outsourcing activities are likely to be initiated for more than one reason
and in fact, may be driven by elements from all three categories. For example, the
outsourcing of taxing and health services for the British government was driven by
elements from both the cost and political categories (Willcocks & Currie, 2011). The
political climate favored privatization because of the belief that private firms are more
efficient and provide better service than the public counterparts. Cutting the cost of
providing services also drove the British government’s outsourcing efforts.
Outsourcing for cost reasons can occur when suppliers’ costs are low enough that even with added overhead, profit, and transaction costs suppliers can still deliver a service for a lower price (Bers, 2012; Harler, 2012) than the organization already doing the function. Thus enabling organizations to achieve better cost control, while others try to shift fixed costs into variable costs (Anderson, 2011).

Although organizations may outsource for cost related reasons, there are no guarantees that expected savings was realized. Moreover, there is increasing evidence that cost savings have been overestimated and costs are sometimes higher after outsourcing (Bryce & Useem, 2015). In addition to not realizing the costs that originally drove the outsourcing initiative, there are also some additional indirect and social costs that may be incurred (Gillett, 2017; Maltz & Ellram, 2011). Indirect costs may include contract monitoring and oversight, contract generation and procurement, intangibles, and transition costs. The social costs of outsourcing may be difficult to quantify but they can be significant. Outsourcing may result in low morale, high absenteeism, lower productivity, etc. (Eisele, 2017).

Outsourcing as a strategy, can be undertaken to allow the organization to better focus on its core competencies (Sislian & Satir, 2012). To enable it to cope with intense competition, by reassessing and redirecting its scarce resources (Drtina, 2017). Resources are typically redirected to where they make the greatest positive impact, namely the organization’s core functions. Other strategy issues which encourage the consideration of outsourcing are restructuring, rapid organizational growth, changing technology, and the need for greater flexibility to manage demand swings (Eisele, 2017).

There are, however, potential pitfalls when outsourcing for strategic reasons. If organizations outsource the wrong functions they may develop gaps in their learning or knowledge base which may preclude them from future opportunities (Earl 2015; Prahalad & Hamel, 1990). For example, in the 1980s, IBM decided to outsource two strategically critical assets in the PC supply chain - the PC operating system to Microsoft and microprocessor to Intel. The control of these two supply chain resources allowed Microsoft and Intel to make double-digit returns. On the other hand, IBM was unable to make any significant returns from the design and manufacture of PCs leading to the sale of the business unit to a Chinese company (Cox, 2014). Literature also indicates that in industries with complex technologies and systems, internal synergies may be lost when
some functions are outsourced. This could result in less productivity or efficiency among the remaining functions (Quinn & Hilmer, 2017).

2.3.2 Decision making process versus employee performance

The main principle of Dynamic Capability Theory (DCT) is that organizations deliberately create, renew, modify, change or extend their valuable resources through timely and practical adaptation to the changing external environment while simultaneously creating value and achieving sustainable competitive advantage (Teece, Pisano & Shuen, 2011).

DCT argues for the reconfiguration, leveraging, learning and integration of the firm’s resources to match the changing environmental realities.

Dynamic capability theorists opine that organizations must practically and efficiently exploit the opportunities presented by environmental dynamism by application of prudence. Firstly, prudence calls for an all-inclusive awareness and anticipation of the costs that will accompany each choice; secondly, since these costs are placed in the future, imagination must store the deficiency of the attained sensation in assigning value to them and thirdly, prudence requires a choice among all possible alternative solutions (Simon, 2015). As well as leveraging and developing new capabilities embedded on the firm’s existing capabilities, assets and core competencies in order to fit the uncertain and chaotic external environment and achieve sustainable competitive environment (Daft, Kendrick & Vershinina, 2010).

The stability of a firm’s competitive advantage depends on its ability to create, renew and compose its specialized resources in a manner that supports evolutionary fitness. Dynamic capabilities govern those organizations capabilities that allow firms to generate more profits. Through timely development and producing differentiated products and services which address new and existing market demands. All of which is made possible by workplace flexibility practices that enable an organization to face environmental uncertainty and improve employee performance by changes in the distribution of working time, volume of labor and workplace practices (Prahalad & Hamel, 1990). Through the deployment and recall of employees organized into either flexible internal, external or
functional work arrangements that enable a firm to adjust the employee’s performance to
the requirements of the firm (Parolia & Parikh, 2014).

Decision-making can either be centralized or decentralized. Centralization refers to the
concentration of power to make decisions at the higher levels in the organization. While
decentralization involves less concentration of decision-making at higher levels since
decisions are made at several levels. The advantage of centralized decision-making is that
there is more organizational uniformity in task execution, which serves to optimize
employee performance. The disadvantage of centralization is that sometimes the top
management may make ineffective decisions because they are overloaded (Montana &
Charnov, 2013) . In addition to creating a non-participatory environment that reduces
communication, commitment and involvement with tasks among employees.

The advantage of decentralization is that it offers opportunities for developing the skills
of employees to make decisions at subordinate levels and is considered a useful method
for motivating employees’ at the lower levels of the cadre. Division of the power of
participation in decision-making in an organization provides employees with authority
and autonomy over their tasks. This promotes a culture of employee empowerment, which
has been defined as the extent to which employees are encouraged to take a firm decision,
without consultation with their managers so that the organizational dynamics are initiated
at the bottom (Michailova, 2013). Thus providing, a sense of empowerment that has a
positive effect on job satisfaction Snipes, Oswald, La Tourc and Armenakis (2014)
serves to improve an employee’s productivity. Due to the increased involvement in
deciding on issues that affect their work and the ability to independently and swiftly take
action on problems without having to ask for authorization from the management.

As a consequence, organizations’ that are likely to keep their staff and maintain their
productivity are the ones which can easily enter into a dialogue with their employees and
even involve them in key decision making processes on what actions to take going
forward. In an attempt to foster an atmosphere of inclusivity and shared responsibility in
achieving the organizational objectives.

2.3.3. Employee participation on decision making.

Employee participation is considered a key element in the successful implementation of
new management strategies and plays an important role in determining the degree of job
satisfaction (Harber & Mariottetet, 2016; Ardichvili & Page, 2012). This in turn, increases the commitment of the employee as well as their motivation. Furthermore, Higgins (2015) argues that participation is a mental and emotional reflection that will lead to the fulfillment of individual and organizational goals, especially if supported by the organization’s climate. From a quick observation, one of the dominant fundamental factors in the success or failure of any organization is the influence of its people, and how well that influence is mobilized and concentrated towards meeting the organization’s objectives.

This constitutes the concept of employee involvement. It signifies a reliable process of enabling employees to participate in professional decision-making and organizational development activities suitable to their ranks in the organization (Erkman, 2015). The approaches to decision making such as Rational Decision-Making approach. This view of decision making suggests that decision-makers follow a specific process where goals are decided upon, alternatives are developed in accordance with such goals, and then the most efficient alternative is implemented (Rainey, 2012; Kingdon & Teal, 2012). The contingency decision-making approach where some scholars assert that rational decisionmaking can only occur under stable, clear, simple conditions (Rainey, 2012). Because these conditions often are not present, decision-makers must use judgment and intuition, and undertake in bargaining and political steering in their decision-making process.

In incremental Decision-Making approach, Instead of choosing an alternative that a rational decision-making process would predict, decision-makers choose to make less controversial, Transitional decisions to ensure some degree of success of achieving vague goals presented. The Garbage Can Decision-Making approach the idea comes from the opinion that “decisions are made in organizations when precise decision-making opportunities or requirements arise” (Rainey, 2012).

Rainey (2012) asserts that the level of agreement amongst decision-makers on goals and the amount of technical knowledge amongst decision-makers on how to implement solutions or tasks determined whether or not a decision-making process could be rational. When the level of agreement and amount of knowledge are high, rational processes are more likely to be followed. Hence, Armstrong (2009) identified employees’ competences
connect and synchronization as critical to organizational citizenship behavior. This helps a corporation to use energies effectively for the achievement of its business. Involving employees in firm’s process becomes the actual competitive advantage for that company which was theorized by (Edouards, 2013).

2.4 Organization Culture Versus Employee Performance

Organizational culture refers to a value 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, 2013). This value system contains the main elements (i.e. values which are the views, goals, as well as philosophies which an organization shares) in which a group of people understand each other and behave. 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 organizations develop their distinct and unique terminologies, acronyms, and phrases (Jones, 2013), to alienate anyone who does not belong to the culture, in addition to impacting a sense of belonging among the employees by strengthening the link between superiors and employees undertaking their daily routines (Scheid, 2011).

It is the basis of defining wrong and right in an organization as they are the mental pictures of the reality of an organization. For example, in 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 work in that it places more energy towards certain actions while discouraging other behavioral patterns (Scheid, 2011). Which serves to enhance employee performance by energizing and motivating employees, unifying people around shared goals, and shaping and guiding employee behaviors (Daft, 2012; Abu-Jarad, et.al., 2010).

2.4.1. Organizational Culture and Employee Job Performance

A culture of an organization can encourage high performance or low performance. It is the organizational culture that helps to influence the behavior of the employees towards this. Martins and Terblanche (2012) concur saying that organizational culture plays an indirect role in influencing behavior by using reasonable managerial tools, such as strategic direction, goals, tasks, technology, structure, communication, decision-making, cooperation and interpersonal relationships, and so forth, which are all designed to do
things. As an explanation, if an organization has a well laid down strategic plan, which in this case is meant to guide the organization towards achieving its goals, the employees were expected to inculcate an atmosphere of high performance; the structure of the organization will have to be one that encourages high productivity, the same will apply to the level of decision-making as well as interpersonal relationship in the organization.

Some elements of culture in an organization help to encourage high employee job performance. Among them are visible cultural symbols like the size of one's office, pictures of employees placed at the entryways. The pictures make employees feel recognized as part of those who make the organization thrive, hence they put more effort in their duties. Artifacts, that is, tangible evidence of organizational culture like computers, employee handbook, a company logo, corporate wares make employees identify with the organization; they feel proud to be associated with the organization, hence a tendency to perform their duties well. Patterns of behavior like how and where employees interact, how they behave in formal and informal meetings, also encourage high performance.

Organizations known for strong culture sustain it, as each successive generation of leaders and followers embraces and passes it on to the next, through mechanisms such as stories, artifacts, rituals, slogans, symbols and special ceremonies, as cited above. These mechanisms reproduce as well as reinforce the accepted culture (Dacin, Munir & Tracey, 2010). According to Wines and Hamilton (2009), strong cultures make up the cultural DNA that gives organizations and individuals their identities. An example of this would be Sam Walton's conception of Wal-Mart's culture from its early years. The essence of Wal-Mart's culture is a commitment to customer satisfaction, zealous pursuit of low costs, and strong work ethic.

According to Case (2015), powerful cultures have powerful effects on how a company's people work together. A successful corporate culture, however, adds Case (2015), is not some kind of black magic; it derives its power not just from abstractions, but from specific practices that employees understand as symbolizing and representing the culture. A strong organizational culture pays off as it relates to the specific competitive demands of today's marketplace, hence enable companies to outstrip their competitors. To relate this employee job performance here, we can give an example of a graphic design studio, which usually has its employees working under very high pressure and tight deadlines. If an organization like this insists on teamwork and meeting deadlines with clients,
employees will create a culture of going out of their way to satisfy the clients, hence high performance, and by extension more profits.

Ojo (2009) says that strong corporate culture potentially increases a company’s success—note that a company’s success depends on high employee performance—by serving three important functions. First, it serves as a tool of management control. Organizational culture, he says, is a deeply embedded form of social control that influences employee decision and behavior. It influences how workers relate with each other and how decisions are made in the organization (Ojo 2009). Providing a powerful mechanism for controlling behavior, organizational culture also manipulates how employees attach meaning to their world and how they interpret events.

Secondly, organizational culture acts as the social glue ‘that bonds people together and makes them feel part of the organizational experience (Ojo, 2009). Employees are motivated to internalize the organization’s dominant culture because this helps fulfill their need for social identity, hence high performance. This social glue, says Ojo (2009), is increasingly important as a way of attracting new staff and retaining top performers.

Thirdly, organizational culture assists in the sense-making process. It helps employees understand what goes on and why things happen in the organization. This makes it easier for them to understand what is expected of them and to interact with other employees who know the culture and believe in it. (Ojo, 2009) In contrast, emphasizes Ojo (2009), companies have weak culture when the dominant values are short-lived and held mainly by a few people at the top of the organization. Gordon and Christensen (2013) asserts that in any type of organization, a poor culture can lead to staff disengagement and customer dissatisfaction two criteria that significantly affect the profitability of an organization.

2.4.2. Culture of Involvement and Employee Job Performance

Involvement in this context is to be understood as a regular participation of employees in deciding how their work is done, making suggestions for improvement, goal-setting, planning, and monitoring of their performance (Macleod & Brady, 2008). A performance culture is built around shared desire to exceed expectations and achieve remarkable results. However, this starts with individuals. Organizations with high performing cultures, notes Achua and Lussier (2013), see their employees as their number one asset. They treat employees with dignity and respect, grant them greater autonomy, involve
them in decision-making, celebrate individual and team achievements, and use a full range of rewards and punishment to enforce high performance standards (Achua and Lussier 2013).

One way of enhancing employee job performance is by involving them in the organization’s decision-making at least to a level that they are allowed (Manyonyi 2012). There are decisions that require secrecy due to their nature, and this is understandable, but there are others that should involve employees in an organization. These decisions, Manyonyi (2012) advises, should be made with the participation of the people they affect; this means consulting them or having a discussion in order to get their views and generate new ideas.

An organization with a culture of involving its employees will tend to perform well because the employees will own the decision, and, therefore, hold them responsible in case of any failure. It’s easy to get so swept away thinking of solutions in board meetings that managers forget to consult the people who matter: the employees (Bakker, Schaufeli, Leiter & Taris, 2008). The results can be surprising. Anderson (2012) reveals that a few years ago, Kwik Fit Insurance Company asked its call centre staff what would make them happier at work. Taking leave in two-hour blocks was one idea. They also wanted lids for their coffee cups, so they could drink at their desk without cutting into their breaks. These are simple suggestions, but are unlikely to come out of a board meeting with senior managers.

More open forms of participative management give workers decision-making authority regarding their domains of responsibility (Macey, 2009). When companies shift to the more open forms of participative management, they begin the process of empowering their employees. Kurstedt and Larry (2015) assert that an organization's level of empowerment is related to its culture. A strong culture supports the empowerment process in many ways.

First, companies with strong cultures provide continuity and clarity with respect to their missions. Second, companies with strong cultures minimize mixed signals because they have reduced ambivalence in their communications, and management tends to speak with one voice. Third, companies with strong cultures have a central core of consistency that drives the basic decision-making processes throughout the organization. This central core promotes consistency regarding basic values and beliefs, yet allows for individual interpretations and responses for items outside the central core. Fourth, strong culture
firms help employees build social currency based on track record, reputation, knowledge, and network of relationships. This social currency builds communication and trust and provides the power to get things done independent of formal titles and authority.

2.4.3. Culture of Motivation and Employee Job Performance

Most employers believe that offering additional money will draw more production from their employees (Anderson 2012). Many times this is not true. What employees most often want is to know that they matter to the company or organization. Adding to their salaries, says Anderson (2012), does show them they are important, but normally this is the least effective means of increasing employee performance. It is also the most expensive.

Some little gestures of recognition employed by an organization increase employee job performance. Multinational organizations for example, put up a map on the wall of the staff canteen. When people join the company, they put a pin on the country they are from. This makes the new employee feel welcome to the team, and is good for communication. Organizations that have a culture of celebrating birthdays, organizing get-togethers, whether it's paintballing sessions or a small glass of wine in the staff room at the end of an afternoon, helping a charity is another way to give workers a common purpose and a feelgood factor (Macleod & Brady 2008).

DeWitt (2010) asserts that organizations that have a culture of recognizing for a job well done boost morale and offer a greater sense of achievement. The moment employees understand that they are appreciated and that their efforts matter beyond earning a paycheck, performance will normally increase. Regular times of recognition in small or simple ways can help employees know their value and increase their performance. Another strong trait of organizational culture that enhances high performance among employees in an organization is team work.

Xenikou and Simosi (2015) say that organizational norms that encourage cooperation, teamwork, and participation are related to performance because they facilitate group coordination and synergy of divergent organizational resources. He adds that moreover, self-actualization and employee development are the basis of creating a large pool of organizational resources that reflect the human capital within organizations and lead to organizational efficiency.
2.5. Chapter Summary

This chapter presented the various views and perspectives of different scholars based on the three research objectives as introduced in the first chapter. The next chapter covers the methodology this study employed, that is, the population, the research instrument, procedures involved in data collection and statistical method of analyzing the data. Chapter four presents data analysis interpretation and presentation of study findings. Chapter five presents a summary of study findings, discussions, conclusions, recommendations and the suggestions for further research.
CHAPTER THREE 3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter examines the methodology that was used in treating the study from research design to target population and sampling. It also lays down the data collection methods, approaches and instruments. The chapter also puts down the validity and reliability tests together with the data analysis tools used and the ethical considerations. The chapter is organized in the following structure: the research design, population and sampling procedure, data collection methods, research procedures, data analysis methods and the chapter summary.

3.2 Research Design

Cooper and Schindler (2014) define research design as a blueprint for the collection of data, measurement and analysis of that data. Fielding (2010) adds that research design is one that minimizes bias and maximizes the reliability of the data. It also yields maximum information, gives minimum experimental error, and provides different aspects of a single problem. For this study a descriptive research design was used.

According to Cooper and Schindler (2014) a descriptive study tries to answer the six W’s which are: who, what, when, where and sometimes it answers how. The researcher’s main objective is to describe the characteristics of the individual or the group (Creswell, 2013). The two main benefits of this research method is being able to use various forms of data as well as incorporating human experience. It gives researchers the ability to look at whatever they are studying in so many various aspects and can provide a bigger overview as opposed to other forms of research (Creswell, 2013).

3.3 Population and Sampling Design

3.3.1 Population

Target population is the specific population about which information is desired. According to Ngechu (2012), a population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated. Mugenda and Mugenda (2012) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The study will target about 660 staff from the four main departments of EABL logistics.
department, the transporters, Bollore Logistics staff and other partners like cleaners and the security team.

Table 3.3.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>NO OF STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Logistics Department</td>
<td>60</td>
</tr>
<tr>
<td>Bollore Logistics Staff</td>
<td>300</td>
</tr>
<tr>
<td>Transporters and truck drivers</td>
<td>250</td>
</tr>
<tr>
<td>Others(kk security staff, cleaners)</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>660</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sample Design

Cooper and Schindler (2014) defines research design as a blue print for the collection of data, measurement and analysis of that data. Fielding (2010) adds that research design is one that minimizes bias and maximizes the reliability of the data. It also yields maximum information, gives minimum experimental error, and provides different aspects of a single problem.

For this study a descriptive research design was used. According to Cooper and Schindler (2014) A descriptive study tries to answer the six W's which are: who, what, when, where and sometimes it answers how. The descriptive approach was ideal for this study because it allows use of findings of the study from the population. The two main benefits of this research method is being able to use various forms of data as well as incorporating human experience. It also gives researchers the ability to look at whatever they are studying in so many various aspects and can provide a bigger overview as opposed to other forms of research (Creswell, 2013).

3.3.2.1 Sampling frame

The sampling frame for any probability sample is a complete list of all the cases in the population from which a sample is drawn (Saunders et al., 2013).

3.3.2.2 Sampling technique

A random sampling method was used to select the representatives for each department.
Reason for that is because it’s easy to assemble a sample and also it’s the fairest way to select a sample from the population since all parties are given equal opportunity to be selected.

### 3.3.2.3 Sample size

A sample is a smaller and more accessible sub set of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population as a whole, with respect to the particular aspects of interests of the study. A sample of 81 correspondents was used for the study. The correspondents were chosen because it gives equal representation for all staff in the logistics department.

The Taro Yamane statistician formulae was used to determine the sample size. The formulae was formulated by the statistician in 1967.

\[ n = \frac{N}{1 + Ne^2} \]

Where
- \( n \): corrected sample size,
- \( N \): population size,
- \( e \): Margin of error (MoE),

\( e = 0.05, 0.1 \) and \( 0.01 \) based on the research condition.

Table 3.2 shows how each department in the logistic department was represented in the study.

<table>
<thead>
<tr>
<th>NO OF STAFF</th>
<th>SAMPLE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EABL Logistics Department</td>
<td>60</td>
<td>7</td>
</tr>
<tr>
<td>Bollore Logistics Staff</td>
<td>300</td>
<td>37</td>
</tr>
<tr>
<td>Transporters and truck drivers</td>
<td>250</td>
<td>31</td>
</tr>
<tr>
<td>Others (kk security staff, cleaners)</td>
<td>50</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>660</td>
<td>81</td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Method

Questionnaires was the data collection instrument. Data from 81 staff from the logistics departments was collected. Questionnaire is a research tool that gathers data over a large sample (Kombo 2015). A structured questionnaire was used in study since they have a definite and concrete questions and also because a formal enquiry is initiated. The questionnaire was the most appropriate research tool as it allows the researcher to collect
information from a large sample with diverse background; the findings will remain confidential. It saves on time and since it was presented in a paper format there was no opportunity for bias. Questionnaires are very inexpensive and an effective method to use. They give the respondents time to think carefully before giving the answers. It gives the respondents confidence to answer questions they are comfortable answering as compared to other methods like face to face surveys.

3.5 Research Procedure

A research permit and authorization letter from the East African Breweries Limited in Ruaraka was secured before proceeding to the field for data collection. A pilot testing of the study was done by issuing 5 copies, one copy per group and do a simple survey of the study. Later questionnaires were issued to the respondents and gave them a day to fill them. Scrutiny and analysis of relevant documents was done to ascertain their credibility.

3.5.1 Validity and Reliability of the Instruments

For reliability and validity to exist in the data, the data collection techniques must yield information that is not only relevant to the research hypothesis, but also correct (Mugenda, 2015).

3.5.2 Validity of the Instruments

Validity indicates the degree to which instruments measure what they are supposed to measure (Kothari, 2012). Content validity was most relevant for our present study. This was because it was concerned with how well the content of the instrument samples the kinds of things about which conclusions are to be drawn. Joppe (2012) further argues that content validity refers to the extent to which a measure represents all facets of a given social construct.

3.5.3 Reliability of the instruments

Reliability refers to the level to which the measuring instruments provides consistent results (Kothari, 2012). To establish reliability of research instruments the Cronbach’s coefficient alpha was used and its figure stood at 0.7. Kothari (2012) argues that any score above 0.7
is reliable. The higher the number of items in the instrument, the higher the chances of obtaining a consistent estimate of the reliability of the data (Kothari, 2012).

3.5.4 Ethical considerations

I will exercise utmost caution to ensure that the respondents are informed of the purpose of the research in language they understand, duration, and benefits of the study. Privacy, confidentiality, and anonymity of the data collected was assured to the respondents through coding of the questionnaires instead of using names. The research findings was given without any manipulation and no one was forced to fill in the questionnaires.

3.6 Data Analysis Method

Quantitative data was analyzed using descriptive analysis in form of percentages and frequencies. Data analyzed descriptively was presented in tables because they gave a systematic record of analysis in an easy to understand format. The Social Package for Statistical science (SPSS) software will aid in data analysis. Both correlation and Multiple Regression analyses was used to test for relationship between the independent variables and the dependent variable, given that they was normally distributed. There must be a linear relationship between the dependent and independent variables.

Regression Model \( y_{od} = \alpha + \beta_1 \text{ (DM)} + \beta_2 \text{ (OC)} + \beta_3 \text{ (OS)} + e \)

Where the variables are defined as:

Yod-Employee Performance during outsourcing

DM- Decision making

OC-Organizational culture OS-

OS-Organizational structure e-

Error term
3.7 Chapter Summary

This chapter explains the research methodology to be used during the study. It demonstrates the design, data collection method, population and sampling technique and the data analysis that was used in the study. The next chapter, chapter 4 will present and explain the data collected in the study.

CHAPTER FOUR 4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results of the study and their interpretations. The chapter has findings on the demographic information of the respondent’s education and work experience. The chapter presents perceptions of the respondents on effects of outsourcing
on employee performance at the Logistics department at EABL. To achieve this the findings are presented in line with the specific objectives intended at investigating the effects of structure on employee performance, the influence of decision making processes on employee performance as a result of outsourcing and to culture influences employee performance due to outsourcing.

4.1.1 Response Rate
The research issued a total of 81 questionnaires and a total of 75 were filled and returned giving a response rate of 93%. This was sufficient for the study as indicated in table 4.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>75</td>
<td>93</td>
</tr>
<tr>
<td>Non-response</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 Demography

4.2.1 Gender
To analyse the respondents gender, the result established that majority of respondents accounting for 51% were male while 49% were female and represented as shown in figure 4.1 below.

![Figure 4.1: Gender](image)

4.2.2 Respondents Age
An analysis of the respondents age established that majority of respondents accounting for 67% were aged between 26-35 while 19% were aged between 18-25. The study also established that 13% aged between 36-45 years while those aged between 46-55 represented 1.3% as shown in Figure 4.2 below.
To analyse the literacy levels the result established that majority of respondents accounting for 51% were masters degree holders while 39% had a university degree and 7% were diploma holders, while 3% had certificates, the study also established that 1% had PhD and other qualifications as shown in Figure 4.3. This implies that the data received that the response received was precise as the respondents were literate to comprehend the questions asked.

An analysis of the companies respondents work for revealed that majority accounting for 40% worked at Bollore, respondents in EABL were 32%, Parapet cleaners accounted for 11% while KK Security Staff accounted for 9%, it was also established that a Transporters and truck drivers accounted for 8% as shown in Figure 4.4 below.
4.2.5 Years worked

To analyse the years respondents have been in the company, the results indicates that majority of respondents accounting for 59% had 0-2 years experience in the firm, on the other hand 32% had 2-5 years experience while 9% had 6-10 years experience shown in Figure 4.5.

Figure 4.5: Years worked

4.3 Employee Performance and Outsourcing

The study sought to establish factors affecting employee performance and outsourcing. Respondents were asked several questions that they were rating with (1) Strongly Disagree, (2) Disagrees, (3) Neutral, (4) Agree, and Strongly Agree (5).

4.7.1.2 Coefficients of Employee Performance and Organization Culture

The regression equation illustrated in Table 4.12 established that taking organization culture into account and other factors held constant employee performance improved by
0.476 units. This implied that a unit change in organization culture would lead to a 0.476 change in employee performance.

\[ Y = \beta_0 + \beta_1 X_1 + \epsilon \]

\[ Y = 1.605 + 0.476 X_1 + 0.78707 \]

Where:

- \( Y \) is the dependent variable (employee performance)
- \( \beta_0 \) is the regression constant; \( \beta_1 \) coefficients of independent variables;
- \( X_1 \) is organization culture, and \( \epsilon \) is the error term.

### Table 4.2: Coefficients of Employee Performance and Organization Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.605</td>
<td>.631</td>
<td>2.542</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td>.476</td>
<td>.183</td>
<td>.291</td>
</tr>
</tbody>
</table>

### 4.3.1 Descriptive Statistics on Employee Performance and Outsourcing

The study established that they were not satisfied with the management decision to outsource (Mean=2.84, SD=1.295). Majority also disagreed that outsourcing performance has met or exceeded expectations with respect to total annual costs (Mean=2.65, SD=1.268). Majority however agreed that they would recommend outsourcing to other departments in the organization (Mean=3.57, SD=1.093). It was also revealed that majority understand the different structures, culture and policies in the organization and other interrelated functions and third party companies (Mean=3.84, SD=.871).

### Table 4.3: Employee Performance and Outsourcing

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you satisfied with the management decision to outsource</td>
<td>75</td>
<td>2.84</td>
<td>1.295</td>
</tr>
<tr>
<td>Outsourcing performance has met or exceeded expectations with respect to total annual costs</td>
<td>75</td>
<td>2.65</td>
<td>1.268</td>
</tr>
<tr>
<td>Would you recommend outsourcing to other departments in the organization</td>
<td>75</td>
<td>3.57</td>
<td>1.093</td>
</tr>
</tbody>
</table>
Do you understand the different structures, culture and policies in your organization and other interrelated functions and third party companies

4.4 Effects of Structure on Employee Performance

The first objective of the study sought to establish effects of structure on employee performance. 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 Statistics of Structure on Employee Performance

Majority agreed that they have a clear defined structure, detailed ways of working and systematic procedures in your organization (Mean=3.60, SD=1.162). Majority agreed that change in structure has affected ways of working (Mean=3.68, SD=1.080). It was also revealed that respondents support different reporting and escalation matrix due to the availability of third party logistics providers (Mean=4.16, SD=.823), they also agreed that there was a need to improve the overall structure in the institution (Mean=4.39,SD=.751).

The study also established that respondents admitted that they need closer guidance from your manager on self-actualization and freedom of action (Mean=3.52, SD=1.119). It was also agreed that the right structure was in place to recognize and address various human and business realities of the organization (Mean=3.53, SD=.991). They also agreed that they support change and adjustment of already existing structures to accommodate new structures and other third parties (Mean=3.73, SD=1.131).

Majority disagreed that they had access and control of valuable resources that will improve the efficiency and effectiveness of the firm (Mean=2.88, SD=1.090). They also disagreed that outsourcing affected the organization structure in their organization (Mean=2.96, SD=1.144). The respondents were however unaware if there was a need to improve the overall structure in the organization (Mean=3.31, SD=1.345).

Table 4.4: Descriptive Statistics of Structure on Employee Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Do have a clear defined structure, detailed ways of working and systematic procedures in your organization</td>
<td>75</td>
<td>3.60</td>
<td>1.162</td>
</tr>
<tr>
<td>2  Do you think the change in structure has affected your ways of working</td>
<td>75</td>
<td>3.68</td>
<td>1.080</td>
</tr>
<tr>
<td>3  Do you support different reporting and escalation matrix due to the availability of third party logistics providers</td>
<td>75</td>
<td>4.16</td>
<td>.823</td>
</tr>
</tbody>
</table>
4 Is there need to improve the overall structure in the institution 75 4.39 .751
5 Do you need closer guidance from your manager on selfactualization and freedom of action 75 3.52 1.119
6 Is the right structure in place to recognize and address various human and business realities of the organization 75 3.53 .991
7 Do you have access and control of valuable resources that will improve the efficiency and effectiveness of the firm 75 2.88 1.090
8 Has outsourcing affected the organization structure of your organization 75 2.96 1.144
9 Do you support change and adjustment of already existing structures to accommodate new structures and other third parties 75 3.73 1.131
10 Is there need to improve the overall structure in the organization 75 3.31 1.345

4.4.2 Regression Analysis of Employee Performance and Organization structure

The research analyzed the relationship between the dependent variable (employee performance) against organization structure. The results showed that adjusted $R^2$ value was 0.145 hence 14.5% of the variation in employee performance was explained by the variations in organization structure as illustrated in Table 4.4

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.396a</td>
<td>.157</td>
<td>.145</td>
<td>.157</td>
<td>.157</td>
<td>13.574</td>
<td>1</td>
<td>73</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), structure

4.4.2.1 Anova of Employee Performance and Organization Structure

ANOVA analysis results of the regression between employee performance and organization structure was done at 95% confidence level, the F critical was 16.895 and the P value was (0.000) therefore below 0.05 this implied that it was statistically significant and can be used to assess the association between employee performance and organization structure as illustrated in Table 4.6

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
</table>

36
4.4.2.2 Coefficients of Employee Performance and Organization Structure

The regression equation illustrated in Table 4.7 established that taking organization structure into account and other factors held constant employee performance improved by 0.559 units. This implied that a unit change in organization structure would lead to a 0.559 change in employee performance.

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

\[ Y = 1.228 + 0.559 X_1 + .75536 \]

Where:

- \( Y \) is the dependent variable (employee performance)
- \( \beta_0 \) is the regression constant; \( \beta_1 \) coefficients of independent variables;
- \( X_1 \) is organization structure, and \( \varepsilon \) is the error term.

### Table 4.7: Coefficients of Employee Performance and Organization Structure

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.228</td>
</tr>
<tr>
<td></td>
<td>structure</td>
<td>.559</td>
</tr>
</tbody>
</table>

### 4.5 Influence of Decision Making Processes on Employee Performance

The second objective of the study sought to establish effects of decision on employee performance. 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 Statistics of Decision Making Processes on Employee Performance

The study revealed that there is a clear matrix used by managers on decision making process (Mean=4.09, SD=.947). Majority also thought that decision making process has affected their ways of working in relation to decisions made by the managers or business in general (Mean=3.75, SD=.931). The respondents also agreed that some issues were ignored or not solved due to complicated structures in the decision making procedure (Mean=3.57, SD=.947). The study also showed that there was a need to improve the overall decision making process in the institution (Mean=3.93, SD= 1.107).

At the same time the findings established that majority needed closer guidance from the manager on how decisions are reached in the organization (Mean= 4.15, SD=.783). It was also established that division of power at the management level is very helpful to exercise smart decision making (Mean=3.65, SD=.966). They also admitted that a good decision making process promote job satisfaction and motivation at the work area (Mean= 3.95, SD=.899). The study also showed that respondents find it important to be involved in major decisions especially those that directly affect their work (Mean=4.16, SD=.886). In addition, all decisions made by management positively impacted the company in terms of profit and growth (Mean=4.08, SD=1.037).
Table 4.

8: Descriptive Statistics of Decision Making Processes on Employee Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a clear matrix used by managers on decision making process</td>
<td>75</td>
<td>4.09</td>
<td>.947</td>
</tr>
<tr>
<td>Do you think the decision making process has affected your ways of working in relation to decisions made by the managers or business in general</td>
<td>75</td>
<td>3.75</td>
<td>.931</td>
</tr>
<tr>
<td>Are some issues ignored or not solved due to complicated structures in the decision making procedure</td>
<td>75</td>
<td>3.57</td>
<td>.947</td>
</tr>
<tr>
<td>Is there need to improve the overall decision making process in the institution</td>
<td>75</td>
<td>3.93</td>
<td>1.107</td>
</tr>
<tr>
<td>Do you need closer guidance from your manager on how decisions are reached in the organization</td>
<td>75</td>
<td>4.15</td>
<td>.783</td>
</tr>
<tr>
<td>Division of power at the management level is very helpful to exercise smart decision making</td>
<td>75</td>
<td>3.65</td>
<td>.966</td>
</tr>
<tr>
<td>Does a good decision making process promote job satisfaction and motivation at the work area</td>
<td>75</td>
<td>3.95</td>
<td>.899</td>
</tr>
<tr>
<td>Do you find it important to be involved in major decisions especially those that directly affect your work</td>
<td>75</td>
<td>4.16</td>
<td>.886</td>
</tr>
<tr>
<td>Do all decisions made by management have a positive impact on the company in terms of profit and growth</td>
<td>75</td>
<td>4.08</td>
<td>1.037</td>
</tr>
</tbody>
</table>

4.6 Effect of Culture on Employee Performance

The third objective of the study sought to establish effects of culture on employee performance. Respondents were asked several questions that they were rating with (1) Strongly Disagree (2) Disagrees, (3) Neutral, (4) Agree, and Strongly Agree (5).

4.6.1 Descriptive statistics of Culture on Employee Performance

The study revealed uncertainty of having fixed way of working or a culture with all parties from the different organizations (Mean=3.47, SD=1.119). Neither did they acknowledge if there is a common cultures exercised in the organization to ensure good working relationships (Mean=3.13, SD=1.131). There was also uncertainty of respondents thinking that the existing culture has affected their ways of working in relation to decisions made by the managers or business in general (Mean=3.40, SD=1.219). Respondents were also not sure if the differences from different groups in the organization and all third parties can result to lower employee performance and resistance (Mean=3.48, SD=1.083) nor did they acknowledge if they value the culture of the organization and does it make it easy to work with others (Mean=3.16, SD=1.139).
Table 4.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Is there a fixed way of working or a culture with all parties from the different organizations</td>
<td>75</td>
<td>3.47</td>
<td>1.119</td>
</tr>
<tr>
<td>2 Are there common cultures exercised in the organization to ensure good working relationships</td>
<td>75</td>
<td>3.13</td>
<td>1.131</td>
</tr>
<tr>
<td>3 Do you think the existing culture has affected your ways of working in relation to decisions made by the managers or business in general</td>
<td>75</td>
<td>3.40</td>
<td>1.219</td>
</tr>
<tr>
<td>4 Organizational culture has an influence on employee performance reliability</td>
<td>75</td>
<td>3.55</td>
<td>1.222</td>
</tr>
<tr>
<td>5 Change in culture, beliefs and the environment affects employee performance</td>
<td>75</td>
<td>3.53</td>
<td>.963</td>
</tr>
<tr>
<td>6 Outsourcing strategies has a negative impact on the perceived quality of work-life dimensions</td>
<td>75</td>
<td>3.57</td>
<td>.961</td>
</tr>
<tr>
<td>7 Differences from different groups in the organization and all third parties can result to lower employee performance and resistance</td>
<td>75</td>
<td>3.48</td>
<td>1.083</td>
</tr>
<tr>
<td>8 Do you value the culture of the organization and does it make it easy to work with others</td>
<td>75</td>
<td>3.16</td>
<td>1.139</td>
</tr>
<tr>
<td>9 Employee performance is directly affected by change in culture or by different cultures exercised by the different groups of people</td>
<td>75</td>
<td>3.36</td>
<td>1.259</td>
</tr>
</tbody>
</table>

It was also revealed that there was uncertainty of employee performance being directly affected by change in culture or by different cultures exercised by the different groups of people (Mean=3.48, SD=1.083). The respondent however agreed that organizational culture has an influence on employee performance reliability (Mean=3.55, SD=1.222). Change in culture, beliefs and the environment affects employee performance (Mean=3.53, SD=.963). At the same time outsourcing strategies has a negative impact on the perceived quality of work-life dimensions (Mean=3.57, SD=.961).

**4.6.2 Regression Analysis of Employee Performance and Organization Culture** The research analyzed the relationship between the dependent variable (employee performance) against organization culture. The results showed that adjusted $R^2$ value was 0.072 hence 7.2% of the variation in employee performance was explained by the variations in organization culture as illustrated in Table 4.10
Table 4.

### 10: Model Summary of Employee Performance and Organization Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.291a</td>
<td>.085</td>
<td>.072</td>
<td>.78707</td>
<td>.085</td>
<td>6.739</td>
<td>1</td>
<td>73</td>
<td>.011</td>
</tr>
</tbody>
</table>

 a. Predictors: (Constant), culture

4.6.2.1 Anova of Employee Performance and Organization Culture

ANOVA analysis results of the regression between employee performance and organization culture was done at 95% confidence level, the F critical was 6.739 and the P value was (0.000) therefore below 0.05 this implied that it was statistically significant and can be used to assess the association between employee performance and organization culture as illustrated in Table 4.11

### Table 4.11 Anova of Employee Performance and Organization Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4.175</td>
<td>1</td>
<td>4.175</td>
<td>6.739</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>45.222</td>
<td>73</td>
<td>.619</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>49.397</td>
<td>74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

 a. Dependent Variable: performance

 b. Predictors: (Constant), culture

4.6.2.2 Coefficients of Employee Performance and Organization Culture

The regression equation illustrated in Table 4.9 established that taking organization culture into account and other factors held constant employee performance improved by 0.426 units. This implied that a unit change in organization culture would lead to a 0.426 change in employee performance.

\[
Y = \beta_0 + \beta_1 X_1 + \varepsilon
\]

\[
Y = 1.118 + 0.426 X_1 + .78707
\]

Where:
Table 4.
Y is the dependent variable (employee performance)

\[ \beta_0 \] is the regression constant; \[ \beta_1 \]

coefficients of independent variables;
X₁ is organization culture, and ε is the error term.

Table 4.12: Coefficients of Employee Performance and Organization Structure

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td></td>
<td>1.118</td>
<td>.468</td>
</tr>
<tr>
<td></td>
<td>structure</td>
<td>.426</td>
</tr>
</tbody>
</table>

4.6 Multiple correlation

4.6.1 Multiple Correlation of Employee Performance and Cofactors

A Pearson correlation was done to establish the relationship between employee performance and other factors and the findings revealed that there was a positive relationship between employee performance and company structure (r=0.396, p<0.01), employee culture (r=0.291, p<0.05). There was however revealed a negative correlation between employee performance and organization decision (r=-0.065, p>0.05). It also revealed a significant correlation between organization structure and organization decision (r=0.591, p<0.01), organization structure and organization culture (r=0.398, p<0.01). Therefore it was concluded that organization structure, and organization culture positively and significantly influenced employee performance at EABL as shown in Table 4.13.

Table 4.13: Multiple Correlation Of Employee Performance and Cofactors

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Structure</th>
<th>Decision</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>Pearson Correlation</td>
<td>.396**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision</td>
<td>Pearson Correlation</td>
<td>-.065</td>
<td>.519*</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.580</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>Pearson Correlation</td>
<td>.291*</td>
<td>.398**</td>
<td>.365**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.011</td>
<td>.000</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
4.7 Regression analysis

4.7.2 Regression Analysis of Employee Performance and Organization Culture

The research analyzed the relationship between the dependent variable (employee performance) against organization culture. The results showed that adjusted $R^2$ value was 0.072 hence 7.2% of the variation in employee performance was explained by the variations in organization culture as illustrated in Table 4.14.

Table 4.14: Model Summary of Employee Performance and Organization Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change St of R Square</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.291&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.085</td>
<td>.072</td>
<td>.78707</td>
<td>.085</td>
<td>6.739</td>
<td>1</td>
<td>73</td>
<td>.011</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), culture

4.7.2.1 Anova of Employee Performance and Organization Culture

ANOVA analysis results of the regression between employee performance and organization culture was done at 95% confidence level, the F critical was 6.739 and the P value was (0.000) therefore below 0.05 this implied that it was statistically significant and can be used to assess the association between employee performance and organization culture as illustrated in Table 4.15.

Table 4.15 Anova of Employee Performance and Organization Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4.175</td>
<td>1</td>
<td>4.175</td>
<td>6.739</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>45.222</td>
<td>73</td>
<td>.619</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>49.397</td>
<td>74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: performance
<sup>b</sup> Predictors: (Constant), culture

4.7.3 Multi Regression

The research analyzed the relationship between the dependent variable (employee performance) against organization culture, organization decision and organization structure. The results showed that the adjusted $R^2$ value was 0.273 hence 27.3% of the
variation in employee performance was explained by the variations in organization culture, organization decision and organization structure. As illustrated in Table 4.16

Table 4.16: Model Summary Of Employee Performance and Co Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.550</td>
<td>.302</td>
<td>.273</td>
<td>.69662</td>
<td>.302</td>
<td>10.264</td>
<td>3</td>
<td>71</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Culture, decision, structure

4.7.3.1 Anova of Employee Performance and Co factors

ANOVA analysis result of the regression between employee performance and co factors was at 95% confidence level, the F critical was 10.264 and the P value was (0.000) therefore below 0.05 implied that it was statistically significant and can be used to assess the association between employee performance and organization culture, organization decision and organization structure. As illustrated in Table 4.17

Table 4.17: Anova of Employee Performance and Co factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>14.942</td>
<td>3</td>
<td>4.981</td>
<td>10.264</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>34.454</td>
<td>71</td>
<td>.485</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>49.397</td>
<td>74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), culture, decision, structure

4.7.3.2 Coefficient of Employee Performance and Co factors

The regression equation illustrated in Table 4.18 established that taking organization culture, organization decision and organization structure into account and other factors held constant a unit change in organization structure led to a 0.735 positive change in performance, at the same time a unit change in organization decision led to a 0.670 negative change in employee performance, and a unit change in employee culture led to a 0.389 positive change in employee performance holding all factors constant.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]
\[ Y = 1.905 + 0.735X_1 + 0.670X_2 + 0.389X_3 + 0.69662 \]

Where:

- \( Y \) is the dependent variable (employee performance) \( \beta_0 \)
- is the regression constant;
- \( \beta_1, \beta_2, \beta_3 \) coefficients of independent variables;
- \( X_1 \) is organization structure, \( X_2 \) organization decision, \( X_3 \) organization culture and \( \varepsilon \) is the error term.

**Table 4.18: Coefficient of Employee Performance and Co factors**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.905</td>
</tr>
<tr>
<td></td>
<td>structure</td>
<td>.735</td>
</tr>
<tr>
<td></td>
<td>decision</td>
<td>-.670</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td>.389</td>
</tr>
</tbody>
</table>

**4.8 Chapter Summary**

This chapter presented the results established from the data analysis done and presented data on employee demography and specific research objectives that established the effects of outsourcing on employee performance at the Logistics Department at EABL. Subsequently in the section, the data was presented in line with the specific objectives of the study. Chapter five offers the discussions, conclusions and recommendations of the study.
CHAPTER FIVE 5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The chapter discusses the summary of findings, conclusions and recommendations of the research study and suggestions for further study. As shown in chapter four and relates them to the concepts and literature discussed in chapter two. It then highlights the conclusions based on specific research questions and the recommendations made thereof. It finally offers the suggestions for further research.

5.2 Summary of the study.
The purpose of this study was to establish the effect of outsourcing on employee performance: A case of the logistics department at the East African Breweries. The study was guided by three research questions, namely; what is the effect of structure on employee performance due to outsourcing?; what is the influence of decision making processes on employee performance as a result of outsourcing decision making processes?; and what is the influence of culture on employee performance due to outsourcing.

The study adopted a descriptive research design. From the population of 660 employees, a sample of 81 respondents was given questionnaires for data collection out of whom 75 responded giving a 93% response rate. Data was analyzed using descriptive statistics where mean and standard deviation was calculated. Inferential statistics was also employed to analyze the relationship between the dependent and independent variables. The data was organized according to the research objectives and presented using tables and figures.

Majority agreed that they have a clear defined structure, detailed ways of working and systematic procedures in your organization and change in structure has affected ways of working. It was also revealed that respondents support different reporting and escalation matrix due to the availability of third party logistics provider, they also agreed that there was a need to improve the overall structure in the institution. The study also established
that respondents admitted that they need closer guidance from your manager on selfactualization and freedom of action. It was also agreed that the right structure was in place to recognize and address various human and business realities of the organization. The study also established that most employees support change and adjustment of already existing structures to accommodate new structures and other third parties. A Pearson correlation was done to establish the relationship between employee performance and other factors and the findings revealed that there was a positive relationship between employee performance and company structure.

The study revealed that there is a clear matrix used by managers on decision making process. Majority also thought that decision making process has affected their ways of working in relation to decisions made by the managers or business in general. The respondents also agreed that some issues were ignored or not solved due to complicated structures in the decision making procedure. The results also showed that there was a need to improve the overall decision making process in the institution. At the same time the findings established that majority needed closer guidance from the manager on how decisions are reached in the organization. It was also established that division of power at the management level is very helpful to exercise smart decision making. They also admitted that a good decision making process promote job satisfaction and motivation at the work area. The findings also showed that respondents find it important to be involved in major decisions especially those that directly affect their work. In addition, all decisions made by management positively impacted the company in terms of profit and growth. A Pearson correlation done to establish the relationship between employee performance and organization decision revealed a negative insignificant correlation between employee performance and company structure.

The respondent agreed that organizational culture has an influence on employee performance reliability. They also noted that a change in culture, beliefs and the environment affects employee performance. At the same time outsourcing strategies has a negative impact on the perceived quality of work-life dimensions. A Pearson correlation was done to establish the relationship between employee performance and organization culture revealed that there was a positive and significant correlation.
5.3 Discussions

5.3.1 Effect of Structure on Employee Performance

Majority agreed that they have a clear defined structure, detailed ways of working. Burns, and Stalker (2014) concur that in a stable environment functional structures are more suitable to maintaining employee performance as the environment is slower to adapting to changes in customer demands and market dynamics and the employees don’t have to adapt their current skillset to match the market dynamics. Contrastingly, in a turbulent environment, a divisional structure is more suitable in order to promptly address customer demands and anticipate market changes. As each unique product or service the company is producing will have its own department in which employee performance will depend on their general mental abilities (Burns and Stalker, 2014). Ramachandran and Voleti, (2012) supports that when companies outsource, they become more flexible, dynamic and competent to change themselves to exploit changing opportunities (Ramachandran and Voleti, 2012). Thus employee performance measures of productivity, quality, timelines, cycle time, utilization, are targeted for improvement.

It was also established that respondents support different reporting and escalation matrix due to the availability of third party logistics provider. Ajgabe et al, (2011) also established that management needs to possess the correct ability and systems necessary to implement outsourcing. Which is made possible through the coordination of the elements of organizational structure (i.e. centralization, formalization, hierarchical levels, and departmentalization) to formally divide, group and divide job tasks in an organization (Ajgabe et al, 2011). That will determine how it want its members to act, what attitudes it wants to promote and what it desires its members to attain.

The study established that there was a need to improve the overall structure in the institution. Bendoly and Jacobs (2012) supports the same and in their study they established that effective organizational structure facilitates proper working relationships among various sub units in the organization. This may definitely improve company efficiency within the organizational units. The findings reveal that organizational structure has an impact on organizational performance. It also indicated that there is a relationship between specialization of work process and labor productivity which implies that organizational structure affect the behavior of employees in the organization.
It was also agreed that the right structure was in place to recognize and address various human and business realities of the organization. Gilley, et. al. (2012) noted that acquisition of non-strategic services allows employees to concentrate on what they can do well, that is, on the services whose resources have a high strategic value (Gilley, et. al. 2012). Such a focusing on services not included in the core competences that can increase performance and allow the company to be more flexible. Secondly, increasing the outsourcing of non-strategic services can improve both the quality and the service offered by the employees, by making it more customer oriented through maximizing benefits and minimizing negative costs for the customers of the service (Dess et al., 2012). Lastly, the outsourcing of services of low strategic value enables the company to reduce costs and improve its competitive position. Due to the adoption of workplace flexibility practices like multi-functional teams or temporary contracts which are aimed at reducing costs (Gilley and Rasheed, 2012; Espino-Rodriguez and Robaina 2012) by improving the productivity of employees.

A Pearson correlation done to establish the relationship between employee performance and other factors and the findings revealed that there was a positive relationship between employee performance and company structure. Nelson and Pasternack (2014) also concluded that performance of an organization largely depends on the structure of the organization. When a clear structure exists people perform better, tasks are divided and productivity is increased. Without a doubt, having an appropriate organizational structure in place, one that recognizes and addresses various human and business realities of the firm under scrutiny is a necessity for long term success. It is therefore recommended that management should critically analyze the effectiveness and efficiency of the organization by ensuring proper structures are put in place and implemented with the aim of achieving set goals. Organizations should also endeavor

5.3.2 Influence of Decision Making Processes on Employee Performance

The study revealed that there is a clear matrix used by managers on decision making process. This signifies a reliable process of enabling employees to participate in professional decision-making and organizational development activities suitable to their ranks in the organization (Erkman, 2015). The approaches to decision making such as Rational Decision-Making approach. This view of decision making suggests that decisionmakers follow a specific process where goals are decided upon, alternatives are developed in accordance with such goals, and then the most efficient alternative is
implemented (Baker, et al. 2013; Rainey, 2012; Kingdon, 2012). The contingency decision-making approach where some scholars assert that rational decision-making can only occur under stable, clear, simple conditions (Rainey, 2012). Because these conditions often are not present, decision-makers must use judgment and intuition, and undertake in bargaining and political steering in their decision-making process.

Majority also thought that decision making process has affected their ways of working in relation to decisions made by the managers or business in general. Prahalad and Hamel, (1990) noted that the stability of a firm’s competitive advantage depends on its ability to create, renew and compose its specialized resources in a manner that supports evolutionary fitness. Dynamic capabilities govern those organizations capabilities that allow firms to generate more profits. Through timely development and producing differentiated products and services which address new and existing market demands. All of which is made possible by workplace flexibility practices that enable an organization to face environmental uncertainty and improve employee performance by changes in the distribution of working time, volume of labor and workplace practices (Prahalad and Hamel, 1990). Through the deployment and recall of employees organized into either flexible internal, external or functional work arrangements that enable a firm to adjust the employee’s performance to the requirements of the firm (Parolia and Parikh, 2014).

The results also showed that there was a need to improve the overall decision making process in the institution. Employee participation is considered a key element in the successful implementation of new management strategies and plays an important role in determining the degree of job satisfaction (Harber, Mariottet et al, 2016; Ardichvili, Page et al., 2012). This in turn, increases the commitment of the employee as well as their motivation. Furthermore, Higgins (2015) argues that participation is a mental and emotional reflection that will lead to the fulfillment of individual and organizational goals, especially if supported by the organization’s climate. From a quick observation, one of the dominant fundamental factors in the success or failure of any organization is the influence of its people, and how well that influence is mobilized and concentrated towards meeting the organization’s objectives.

It was also established that division of power at the management level is very helpful to exercise smart decision making. The advantage of decentralization is that is it offers opportunities for developing the skills of employees to make decisions at subordinate
levels and is considered a useful method for motivating employees’ at the lower levels of the cadre. Division of the power of participation in decision-making in an organization provides employees with authority and autonomy over their tasks. This promotes a culture of employee empowerment, which has been defined as the extent to which employees are encouraged to take a firm decision, without consultation with their managers so that the organizational dynamics are initiated at the bottom (Michailova, 2013). Thus providing, a sense of empowerment that has a positive effect on job satisfaction (Snipes et al. 2014) and serves to improve an employee’s productivity. Due to the increased involvement in deciding on issues that affect their work and the ability to independently and swiftly take action on problems without having to ask for authorization from the management.

5.3.3 Influence of Culture on Employee Performance

The respondent agreed that organizational culture has an influence on employee performance reliability. Martins and Terblanche (2012) concur saying that organizational culture plays an indirect role in influencing behavior by using reasonable managerial tools, such as strategic direction, goals, tasks, technology, structure, communication, decisionmaking, cooperation and interpersonal relationships, and so forth, which are all designed to do things. As an explanation, if an organization has a well laid down strategic plan, which in this case is meant to guide the organization towards achieving its goals, the employees was expected to inculcate an atmosphere of high performance; the structure of the organization will have to be one that encourages high productivity, the same will apply to the level of decision-making as well as interpersonal relationship in the organization.

The study established that a change in culture, beliefs and the environment affects employee performance. Organizations known for strong culture sustain it, as each successive generation of leaders and followers embraces and passes it on to the next, through mechanisms such as stories, artifacts, rituals, slogans, symbols and special ceremonies, as cited above. These mechanisms reproduce as well as reinforce the accepted culture (Dacin, Munir and Tracey 2010). According to Wines and Hamilton (2009), strong cultures make up the cultural DNA that gives organizations and individuals their identities.

An example of this would be Sam Walton’s conception of Wal-Mart’s culture from its early years. The essence of Wal-Mart’s culture is a commitment to customer satisfaction, zealous pursuit of low costs, and strong work ethic.
The study revealed uncertainty of having fixed way of working or a culture with all parties from the different organizations. Manyonyi (2012) explains that the way of enhancing employee job performance is by involving them in the organization’s decision-making at least to a level that they are allowed. There are decisions that require secrecy due to their nature, and this is understandable, but there are others that should involve employees in an organization. These decisions, Manyonyi (2012) advises, should be made with the participation of the people they affect; this means consulting them or having a discussion in order to get their views and generate new ideas.

There was also uncertainty of respondents thinking that the existing culture has affected their ways of working in relation to decisions made by the managers or business in general.

Ojo (2009) says that strong corporate culture potentially increases a company’s success. Note that a company’s success depends on high employee performance by serving three important functions. First, it serves as a tool of management control. Organizational culture, he says, is a deeply embedded form of social control that influences employee decision and behavior. It influences how workers relate with each other and how decisions are made in the organization (Ojo 2009). Providing a powerful mechanism for controlling behavior, organizational culture also manipulates how employees attach meaning to their world and how they interpret events.

A Pearson correlation was done to establish the relationship between employee performance and organization culture revealed that there was a positive and significant correlation. Organizational culture assists in the sense-making process. It helps employees understand what goes on and why things happen in the organization. This makes it easier for them to understand what is expected of them and to interact with other employees who know the culture and believe in it. (Ojo, 2009) In contrast, emphasizes Ojo (2009), companies have weak culture when the dominant values are short-lived and held mainly by a few people at the top of the organization. Gordon and Christensen (2013) asserts that in any type of organization, a poor culture can lead to staff disengagement and customer dissatisfaction two criteria that significantly affect the profitability of an organization.
5.4 Conclusion

5.4.1 Effect of Structure on Employee Performance
East African Breweries has ensured that companies that they outsource maintain a clear defined structure that has the capability to detail ways of working and systematic procedures. Most employees support different reporting and escalation matrix due to the availability of third party logistics provider although closer guidance is needed from manager on self-actualization and freedom of action. There exist right structure that have facilitated the recognition of human and business realities of the organization.

5.4.2 Influence of Decision Making Processes on Employee Performance
There is a clear matrix used by managers on decision making process and the decision making process has affected employees ways of working in relation to decisions made by the managers or business in general. Not all issues have been solved thus a need to improve the overall decision making process in the institution. Division of power at the management level is very helpful to exercise smart decision making. Good decision making process promote job satisfaction and motivation at the work area as they positively impact the company in terms of profit and growth.

5.4.3 Influence of Culture on Employee Performance
There is a lack of awareness among employees in regard to cultures exercised in the organization although there is an agreement that organizational culture has an influence on employee performance reliability. Change made in culture, beliefs and the environment affects employee performance although respondents agree that outsourcing strategies has a negative impact on the perceived quality of work-life dimensions.

5.5 Recommendations
5.5.1 Recommendations for Improvement

5.5.1.1 Effect of Structure on Employee Performance
On the basis of the findings, it was recommended that EABL should strive to maintain a clear defined structure, detailed ways of working and systematic procedures. Managers should also be encouraged to offer closer guidance to the low level staff in order to encourage self-actualization and freedom of action. There is a need ensure right structure are put in place to address various human and business realities of the organization. To
ensure efficiency, EABL should ensure all managers have access and control of valuable resources that will improve the efficiency and effectiveness of the firm.

5.5.1.2 Influence of Decision Making Processes on Employee Performance The study recommends that EABL should ensure that there is a clear matrix used by managers on decision making process. Despite decision making being a manager’s role, there is a need for the firms to ensure the decision arrived at does not tamper with the working relation between managers and employees in general. All issues need to be dissolved and this is made possible by minimization of bureaucracy in the organization structures.

5.5.1.3 Influence of Culture on Employee Performance
There is a need to create awareness on the expected culture from the outsourced firms, in order to ensure good working relationships. Outsourcing firms should be encouraged to work together despite their different cultures to ensure EABL meets its mission. Change in culture, beliefs and the environment affects employee performance thus EABL need to undertake take a proper assessment and communicate effectively before undertaking any major changes.

5.5.2 Suggestion for Further Research
The researcher recommends that the study be extended to other departments that are either directly or indirectly affected by outsourcing. So as to gauge the interdependency of departments during outsourcing with regards to the firms overall effect on an organization’s competitiveness. A study on the factors that affect co-dependency of employees during outsourcing would also be viable.
REFERENCES


David, L., Mitchell, S. & Sherer, P. (Eds.), *Research frontiers in industrial relations and human resources*. Madison, WI: IRRA.


Nairobi, KE: Moi University.


Robbins, S., P., & Judge, T., A. (2013). *Organizational behavior*. Upper saddle river, NJ; Pearson,


Suhartini, (2012). *Analisis factor-faktor yang mempengaruhi intensi peningkatan kinerja dosen pada perguruan tinggi swasta Daerah Istimewa Yogyakarta* [Analysis of


APPENDIX I: QUESTIONNAIRE

An analysis of the Effects of outsourcing on employee performance at the logistics department

Statement of Confidentiality: The responses you provide was strictly confidential. No reference was made to any individual(s) or organization in the report of the study. The questionnaire is entirely for academic purposes. Kindly complete the following questionnaire using the instructions provided for each set of questions.

Section A: Background information

1. Indicate your gender
   Male [ ]   Female [ ]

2. Age
   18 – 25 [ ]   26 – 35 [ ]   36 – 45 [ ]   46 – 55 [ ]   56 and above [ ]

3. Level of education
   Certificate [ ]   Diploma [ ]   Degree [ ]   Masters [ ]   PhD and other qualifications [ ]

4. Company you work for
   EABL [ ]   Bollore [ ]   Transporters and truck drivers [ ]   KK Security Staff [ ]   Parapet cleaners [ ]

5. Years you have worked for the organization.
   0 - 2 [ ]   2 - 5 [ ]   5-10 [ ]   10-15 [ ]   15 and more [ ]

Please tick the response that most closely approximates your opinion about the statements below on a scale of 1 to 5 for the next four sections. Below is a key to guide you.
(5) Strongly Agree (4) Agree (3) Neutral (2) Disagree (1) Strongly Disagree

Section B: Employee performance and outsourcing

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are you satisfied with the management decision to outsource</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Outsourcing performance has met or exceeded expectations with respect to total annual costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Would you recommend outsourcing to other departments in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Do you understand the different structures, culture and policies in your organization and other interrelated functions and third party companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: structure and outsourcing

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do have a clear defined structure, detailed ways of working and systematic procedures in your organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Do you think the change in structure has affected your ways of working</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Do you support different reporting and escalation matrix due to the availability of third party logistics providers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Is there need to improve the overall structure in the institution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Do you need closer guidance from your manager on selfactualization and freedom of action</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6</td>
<td>Is the right structure in place to recognize and address various human and business realities of the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Do you have access and control of valuable resources that will improve the efficiency and effectiveness of the firm</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Has outsourcing affected the organization structure of your organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Do you support change and adjustment of already existing structures to accommodate new structures and other third parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Is there need to improve the overall structure in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION D: Decision making process and outsourcing**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is there a clear matrix used by managers on decision making process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Do you think the decision making process has affected your ways of working in relation to decisions made by the managers or business in general</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Are some issues ignored or not solved due to complicated structures in the decision making procedure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Is there need to improve the overall decision making process in the institution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Do you need closer guidance from your manager on how decisions are reached in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Division of power at the management level is very helpful to exercise smart decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Does a good decision making process promote job satisfaction and motivation at the work area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Do you find it important to be involved in major decisions especially those that directly affect your work</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Do all decisions made by management have a positive impact on the company in terms of profit and growth

SECTION E: Culture and outsourcing

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is there a fixed way of working or a culture with all parties from the different organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Are there common cultures exercised in the organization to ensure good working relationships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Do you think the existing culture has affected your ways of working in relation to decisions made by the managers or business in general</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Organizational culture has an influence on employee performance reliability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Change in culture, beliefs and the environment affects employee performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Outsourcing strategies has a negative impact on the perceived quality of work-life dimensions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Differences from different groups in the organization and all third parties can result to lower employee performance and resistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Do you value the culture of the organization and does it make it easy to work with others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Employee performance is directly affected by change in culture or by different cultures exercised by the different groups of people</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>