



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT ON BENEFITS AND CHALLENGES OF OUTSOURCING PRACTICES –
THE CASE OF INTERNATIONAL COMMUNITY SCHOOL OF ADDIS ABABA**

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(SGS/0181/2012A)

JUNE 2021
ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY’S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (MBA)**

JUNE 2021

ADDIS ABABA, ETHIOPIA

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ACKNOWLEDGEMENTS

I would like to convey my utmost acknowledgment to the Almighty God and his mother Virgin Mary for giving me grace, wisdom, and strength in all my endeavors.

With deep gratitude, I acknowledge and appreciate the kind support, guidance, insightful comments, and suggestions of my academic advisor Yibeltal Nigussie (Assistant Professor) from the bottom of my heart.

My heartfelt appreciation also goes to my wife, Genet, for taking care of our children, Herol & Ethan, while I spent most of my evenings & weekends working on this study. Her constant encouragement throughout the period of this study have been greatest inducement for me and indirectly contributed to the accomplishment of the task.

A sincere appreciation and special thanks go to my colleagues, Shewaye, Basliel & Seble and the whole participants of this study for their kind assistance and support during the data collection process and for everything that they did throughout this journey!

LIST OF ABBREVIATIONS

AAU: Addis Ababa University

ACS: American Community School

ECA: Economic Commission for Africa

ICS: International Community School of Addis Ababa

MSP: Managed Service Provider

PLC: Private Limited Company

RBV: Resource-Based View

SBACO: Siltun Balemuya PLC

SLA: Service Level Agreement

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ABSTRACT

The aim of this research is to assess the Benefits and Challenges of Outsourcing Janitorial, Landscaping, Setup crew and Security services in International Community School of Addis Ababa and provide a possible solution that alleviate the existing problem. This research thesis employed descriptive research design with concurrent mixed research approach where both qualitative and quantitative investigation has been implemented to evaluate the benefits and challenges of outsourcing decisions. The data were collected using questionnaires from 92 employees of International Community School & 25 outsourced employees. Interviews were also conducted with supervisors and managers who supervise those outsourced services in addition to the researcher's personal observation. The questionnaire was distributed to the employees on the basis of proportional and purposive sampling technique by stratifying the sample in to five groups and the data collected were analyzed using SPSS Version 23 software. The results of the study revealed that the outsourced services enabled the school to give more attention & focus on its core functions rather than auxiliary ones and it also helped to save managers' time and assisted in the current fast growth of the school. On the contrary, language and communication barrier, threat to security and confidentiality and inconsistent service quality were the major challenges of the school as the result of outsourced services. Thus, the performance of the service providers was not as per the service level agreements. Finally, the researcher has forwarded some recommendations to overcome the existing challenges of the school regarding outsourcing practice. It is recommended that sharing with outsourced employees its values, beliefs, and goals through both formal and non-formal communication channels and providing appropriate trainings and incentives to them help the school to reduce the risks and challenges associated with outsourcing and attain optimal benefits out of it.

Key words: *Benefits, Challenges, Core functions, Overcome, Values, Beliefs, Training & incentive, Service level agreement.*

CHAPTER ONE

Introduction

This chapter presents background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope and limitation of the study and organization of the whole paper respectively.

1.1 Background of the study

Outsourcing is one of the best ideas that allow many companies to focus on what they do best and outsourcing what others can do better, faster, cheaper, and higher quality. Outsourcing is one of the successful business concepts which becomes an increasingly popular in organization management strategy (Koszewska, 2004).

Outsourcing is a practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally or, it is transferring delegation of the operation and management of the business process to an external service provider. (Mishunichev, 2016). When a company transfers its one or more part of its responsibilities for performing or managing the business process to another company; is called as business process outsourcing. (Dayasindhu, 2004).

Now a days many organizations outsource different kinds of services from another service provider. In other words, it is a business practice used by companies to reduce costs or improve efficiency by shifting tasks, operations, jobs, or processes to an external contracted third party for a significant period of time. It can also be defined as a practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally. In general outsourcing enables a firm to focus on its core competencies and let outside companies do what these firms can do best. This can save time of the organization as it will help to focus on the main or its core value. (Bucki, 2018).

Currently, outsourcing takes many forms. Organizations still hire service providers to handle distinct business processes, such as benefits management. But some organizations outsource whole operations.

The global trend of outsourcing is growing fast in terms of complexity and market whereas the growth of outsourcing in Ethiopia is at its infant stage. It is dominated by non-core functions like Security and Janitorial service (Mulat, 2007).

In Ethiopia, the practice of outsourcing is very low and has been highly dominated by some non-core functions such as Maintenance, Janitorial, Security and Information Technology Services. Recently however, its use is increasing, and many organizations are using it as one of their management tools. Some of the major companies which outsourced their noncore functions are Ethiopian Airlines, Commercial Bank of Ethiopia, Ethio telecom, ECA, ICS and many more.

“In April 1964, the Ethiopian Emperor Haile Selassie, by a royal decree, allowed the American Community School (ACS) to be established. The emperor gave the school a 50-year lease on 15 acres of land in Addis Ababa. (ACS/ICS Story - ICS Addis Ababa, 2021) The name of the school was later changed to International Community School of Addis Ababa (ICS) in 1978-79. It is an independent, non-profit, coeducational school, which offers an educational program as its core business from early childhood through grade 12 for students of all nationalities. The school is found in Addis Ababa. The school was founded in 1964 and it has an enrollment of nearly 1,000 students from over 67 nations. ICS is accredited with the Middle States Association of Colleges and Schools under the protocol entitled Pathways.

There has been a growing number of students’ enrollment and increased staff. Due to this, there was workload on the internal staff and their performance was minimized and the outcome of the services compromised as well. Therefore, the school decided to outsource non-academic part of its service from another service providers and outsourcing practice was put in place since 2002.

The school first started outsourcing its landscaping/gardening service followed by janitorial/cleaning, security, and setup services, respectively. Currently the landscaping/gardening service is provided by Bora Garden PLC, its janitorial/cleaning service by Fire Works PLC, setup services by Siltun Balemuya PLC (SBACO) and Security and Safety service by Securicor Ethiopia PLC. The school decided to outsource only part of the security and safety service due to highly intensive need in this area.

This case study focuses on assessing the benefits and challenges of outsourcing practice in the International community school of Addis Ababa. The researcher considered the case of the International Community School of Addis Ababa and its current outsourcing practices in order to assess their benefits and challenges of the outsourcing to this community school.

1.2 Statement of the Problem

Outsourcing is a practice that is implemented locally and internationally by different organizations. Internationally outsourcing becomes more sophisticated and multifaceted it ranges from noncore functions such as janitorial to core functions of the business similar to production, service, and marketing. Outsourcing has become increasingly popular to the public since the mid-20th century and has become more controversial in the last decade (Angela, 2012).

Organizations have different reasons for outsourcing the parts of functions in their operation. In many cases, the aim is to outsource non-core activities in order to gain competitive advantages by transferring such functions to specialist companies with the required capabilities and the necessary experience thereby allowing time and space for the company to plan in the long term.

The benefit of outsourcing varies from organization to organization depending on the nature and type of business. The following are some of the benefits that are listed from different sources: Ability to focus on the core function of the business, allows competitive advantage, faster setup of business functions, higher quality service due to focus on the supplier, control of budget, greater flexibility, high level of expertise, increase commitment and energy on non - core functions of the business, lack of internal expertise, acquire innovative ideas. Outsourcing does not come without risks, one main risk that is incurred when outsourcing is that when a firm does outsource, they leave the supply of that product or service in the hands of someone whom they cannot control, contrary to controlling their own supply (Maynard, 2006). Loss of quality is also another most important factor in outsourcing, especially for those business who are in competitive business.

Currently, the International Community School of Addis Ababa (ICS Addis), a non-for-profit organization, outsourced its services for Landscaping, Cleaning, Setup/ Porters and part of its safety and security team. The school has different departments, and its main focus is on its core business, which is providing quality education to its students. To focus on this, the management has decided on outsourcing some of the school's operations to external vendors and has been in practice for several years now. However, the management is still not sure whether the benefit or the challenge outweighs as per the information the researcher gets from the Facilities Manager during the discussion ahead of time and there has not been any study made so far in

this regard. This is the main reason for the researcher to study and fill the existing gap. Even though outsourcing results in several benefits for organization it has also problems or risks if the process is not managed in the proper way.

According to (Akmel, Abebe, & Wondim, 2019) on their research entitled Satisfaction of university community on in-house sourcing (Samara University) versus outsourcing (some selected government universities in Ethiopia) concluded that Outsourcing results a difference in the level of satisfaction in the university communities.

(Tolosa, 2019) studied the effects of outsourcing service on institution performance taking the Addis Ababa University as a case study. He concluded that organizational performance in terms of customer satisfaction, service quality, effectiveness & efficiency increased after outsourcing non-core business functions of the university.

As per (Phipps & Merisotis, 2005), Outsourcing is pervasive in colleges and universities, yet, very little is known to make a reasonable judgement about the potential of outsourcing to cut costs significantly.

(Hamid & Suberamany, 2009) on a case study of Malaysian higher education institutions, found out that most organizations were disappointed with outsourcing engagements and so they kept switching vendors.

(Johnson & Graman, 2015) studied Outsourcing practices of Midwest U.S public universities and found out that no change in quality of service as well as cost saving from outsourcing.

In our country, many have conducted researches on the prospects and challenges of the outsourcing practice and related subjects in Ethiopia including (Ababu, 2015), (Shitaye, 2016), (Mekuria, 2017), (Maru, 2015), (Ademikew, 2018), (Mehereteab, 2016), (Tenkir, 2017) and (Kassahun, 2016). These and many more studies have focused assessing the practice with regard to the banking sector.

The researcher was unable to obtain sufficient research conducted on the outsourcing practices in the education sector in our country. From the above studies, (Akmel, Abebe, & Wondim, 2019) focused on its linkage with the satisfaction of the communities in Samara University & (Tolosa, 2019) saw it from AAU's performance perspective.

To the researcher's knowledge, much study has not been found which assesses the benefits and challenges of outsourcing practices in the education sector in Ethiopia in general and in ICS in

particular. Thus, it is the researcher's intention to assess the benefits & challenges of outsourcing practices in the school, based on the Core Competency Approach. The findings of the research will add to the literature linking outsourcing practice with benefits & challenges in the education sector in the country.

1.3 Research questions

The study answered the following basic research questions:

- What factors derive ICS Addis to outsource its non-core functions of the business?
- Which non-core business functions have been successfully outsourced by ICS Addis?
- What should be considered to overcome challenges and problems and maximize the benefits of outsourced services?
- What is the attitude of employees of the ICS Addis and employees of outsourced service providers towards the outsourced services?

1.4 Objective of the study

1.4.1 General Objective

The general objective of the research was to assess the benefits and challenges of outsourcing non-core business functions at the International Community School of Addis Ababa.

1.4.2 Specific Objectives

As a way of meeting the general objective, the research tried to investigate the below specific objectives:

- To examine the motives of ICS Addis behind outsourcing its non-core business functions to external service providers
- To identify which functions ICS Addis became successful in outsourcing.
- To suggest ideas in overcoming challenges and problems and maximize the benefits of outsourced services.
- To assess the level of attitudes of employees of ICS Addis and its service providers towards the outsourced services

1.5 Significance of the study

Since outsourcing practice in our country is relatively new, its benefits and challenges were not yet assessed in detail specially in the education sector. Thus, this research will benefit in understanding of the concept of outsourcing, why organizations outsource their services, what merits and demerits it will have and recommends when it is best to be practiced specially for ICS Addis. It will also have significance in that the findings and recommendations will be useful to those business organizations which are considering outsourcing or broadening the range of their services. The researcher also believes it will serve as a reference for other student researchers who will be doing studies in this area. Moreover, it can be considered as a pre-request for completion of Master of Business and Administration program.

1.6 Scope of the study

Geographically, outsourcing is practiced almost everywhere and studying it should involve different competitive schools. Of all the schools in Ethiopia which provides educational service to students from Gr 1-Gr 12, this study was limited only to ICS Addis for the purpose of in-depth analysis with the sincere investigation on the benefits & challenges of outsourcing services.

Conceptually, although there exist several theories of outsourcing, the theme of this study focuses only on Core Competency Approach as a way of assessing the benefits and challenges of outsourcing. The research examined if the outsourcing practice in ICS Addis is advantageous or not by taking into consideration the Core Competency Approach of outsourcing.

The study had a methodological limitation too since only questionnaires and interviews were used to collect the primary data. The sample size was also very limited. It was also important to delimit the scope of the research to a manageable size and time in order to examine the issue thoroughly.

1.7 Limitation of the study

Because of the unique characteristics of the ICS Addis with regard to its service quality, operating standard and professional skills requirement, the findings of this research might not be applicable to other schools in Ethiopia.

The services, which were studied in this research, were Landscaping/Gardening, Cleaning/Janitorial services, Setup/Porter services & partial Security and Safety services. Therefore, the study may not represent other outsourcing businesses in Ethiopia.

The research included employees of both ICS Addis & outsourced companies and supervisors and managers of ICS. The research did not include students, parents and other stake holders who are considered to be part of the ICS Addis community.

Some respondents might be reluctant in providing the needed information due to confidentiality issues hence compromising the access of gathering primary data which affects the real output of the study.

1.8 Organization of the Paper

The research paper is structured in to five chapters. The first chapter discusses general introduction about the study area such as background of the study, statement of the problem, research question, objective of the study, significance of the study, scope of the study, limitation of the study, and organization of the study itself. The second chapter reviews the most significant theoretical and empirical studies which will serve as a basis for understanding the subject matter. The third chapter presents the research methodology part which will be consisting of research design, research approach, data sources & data collection method, population, sample size and sampling procedure, and finally data analysis method. Chapter four will focus on the presentation & analysis of data obtained from respondents. The closing chapter, chapter five, is about the summary, conclusions and recommendations.

CHAPTER TWO

2 Review of Related Literature

As indicated in chapter one outsourcing has played an important role in many organizations. This chapter will review literature related to the study. The chapter will discuss the definitions that had been adopted by various writers. It will then highlight the pros and cons of outsourcing. The chapter also highlights the factors that influence organizational decisions to outsource. The chapter further highlights the criteria for outsourcing and lastly compares it with its counterpart In-house services. The source consisted of academic and research articles published on this subject in various journals.

2.1 Theoretical Literature

Under this section theoretically available literatures regarding the topic under study are reviewed as follows:

2.1.1 Definitions of Outsourcing

According to Power et al. outsourcing is made up of two words – “out” and “sourcing”; sourcing refers to “the act of transferring work, responsibilities and decision rights to someone else”. Companies must source out work because there are others who can do it cheaper, faster, and better (Power, Desouza, & Bonifazi, 2006)

Outsourcing is a practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally. Outsourcing is an effective cost-saving strategy when used properly. It is sometimes more affordable to purchase a good from companies with than it is to produce the good internally (Laskowski – Nicole, 2012).

Outsourcing is the situation where a company delegates its operations to be managed by a third party that can do it cheaper, better and at a faster rate (Anikin & Rudaya, 2014).

Outsourcing is the strategic use of outside resources to perform activities traditionally handled by internal staff and resources (Handfield, 2006).

As (Brown & Wilson, 2005) outsourcing can work for any size company in any industry; there is no correlation between the success of the program and size or type of firm. Rather the success of an outsourcing program depends on planning, execution, selection of the right partner, and flexible service level agreements with the outsourcing provider.

All the definitions above are self-explanatory enough to tell us that outsourcing is giving away the control of some of a company's operations for some outside vendors with a purpose of focusing on one's core competencies and getting other operations done by other companies with the aim of saving costs and increase efficiency.

2.1.1.1 Offshore Outsourcing

Offshore outsourcing is "the transfer of the responsibility for delivering service to provide who delivers these services from continent different from where the recipients operate" (Buelen, Ribbers, & Roots, 2006) (.

Offshoring is the outsourcing of service activities to a lower cost organization in a foreign country and it allows the outsourcer companies to compete on a global basis for lower costs and better efficiencies .On the contrary offshoring leads to loss of local jobs due to relocation of the business unit, loss of visibility and control over a potentially extended supply chain, difficulty with business operations due to time differences, difficulties in transferring knowledge, and misunderstandings due to language or culture

2.1.1.2 Onshore Outsourcing

On shoring is also called domestic outsourcing. As the name indicates it refers to assigning some services to be provided by some organizations outside a company but within the same country. This type of outsourcing helps organization to achieve lower operation costs and benefits from having local employees which are not obtained from other type of outsourcing (Alex Bank, 2010). The focus of this study is onshore outsourcing.

2.1.2 Theories of Outsourcing

Theories developed around outsourcing practices lays in many different categories. According to (Perunović & Pedersen, 2007) outsourcing can be captured under three approaches namely Resource-Based View, Core Competency Approach, and Transaction Cost Theory.

2.1.2.1 Resource-Based View

It is based on the idea that an entity that does not have valuable and organized resources and capabilities would need an external provider that can assist the focal organization in overcoming its weaknesses. It views the firm as a bundle of assets and resources that if employed in distinctive ways can create competitive advantage. A major concern of the resource-based is how an organization's capabilities develop and affect its competitive position and performance. According to RBV, functions that are not critical to core competence be outsourced (Gilley et

al, 2004).

Proponents of the resource-based view argue that heterogeneity in an organization's knowledge-based resources and capabilities explain differences in performance and the sustainability of a competitive advantage. Therefore, the outsourcing decision is influenced by the ability of an organization to invest in developing a capability and sustaining a superior performance position in the capability relative to competitors. Processes in which the organization lacks the necessary resources or capabilities internally can be outsourced. Organizations can access complementary capabilities from external providers where they can gain no advantage from performing such processes internally (Peteraf, 1993). (Perunović & Pedersen, 2007) described the resource-based view as the type of outsourcing that is built on the idea that an entity that does not have valuable and organized resources and capabilities would need an external provider that can assist the focal organization in overcoming its weaknesses. (Perunović & Pedersen, 2007) stipulated that resource-based theory is mostly used in the preparation phase and helps to define the framework for making decisions and also in the selection of the appropriate vendor.

Resource-based theory deals with identifying and utilizing existing resources more effectively within the organization (Johansson, 2004). The Resource Based View examines the relationship between internal qualities of a company and its situation, although it rejects two traditional assumptions in the Porter neoclassical model. The model suggests that a sustainable competitive advantage counts on the market position and anticipates that companies that have fewer internal skills and resources are more feasible to outsource its activities. This approach looks at a company as a set of unique strategic resources, able to create a sustainable competitive advantage. Its objectives are to figure out competitive advantages and limitations of resources in adopting these advantages, as well as to look at a company's capability to identify such advantages, develop and protect them (Bustinza, Arias-Aranda, & Gutierrez-Gutierrez, 2010). The resource-based view in outsourcing, develops from a recommendation of an organization that lacks useful, insufficient, exceptional resources and capabilities, organization should look for an external provider in order to overcome that weakness. Therefore, those resources are useful for the organization because it assists the organization to carry out strategies in an effective way that enhance efficiency and effectiveness of the organization.

2.1.2.2 Core Competency Approach

It is based on the firm's resources and capabilities that will give an organization a competitive advantage. The essence is that core competencies should be kept in-house while the other things that the organization does which are not deemed core, or critical to its mission or function, should be considered for outsourcing. A firm's resources can be defined as any production factors that are available to the firm and they are classified into five categories: financial, physical, human, technological and reputation. The first two constitute the firm's tangible resources, which are easy to assess and identify, while the others are intangible resources, which are assets with sufficient potential to achieve competitive advantage. The resources and capabilities are therefore complementary in order to sustain competitive advantage.

If the organization is to focus on its core competencies as the basis of its sustainable competitive advantage, then activities which do not constitute a core competence for the firm can be given to outside firms who can provide these at lower cost.

In order to maintain a sustainable competitive advantage, the organization competence must respond to the dynamics of the external environment by enabling an organization to maintain its ability to create value in the business processes. Therefore, vendors' competences are assumed to be one of the most important factors that influence success of an outsourcing arrangement (Rodríguez & Robaina, 2006). The core competency perspective is useful in prompting serious consideration about the functions which are truly cost effectively done in-house, and those which could be outsourced. The concept has been predominantly used to develop and test various outsourcing decision frameworks arguing that the core activities shall remain in house. However, the meaning of the term core competence is not clearly understood since terms such as resource, capability and competence are used interchangeably by researchers (Ozbag, 2013).

2.1.2.3 Transaction Cost Theory

This theory is based on the analysis of transactions between organizations and other parties outside the organization. Transactional costs are related to the effort, time, and costs associated with searching, creating, negotiating, monitoring, and enforcing a service contract between buyers and suppliers. The goal of any organization is to these reduce cost and to achieve cost efficiency (Zack & Singh, 2010). According to (Dhar & Balakrishnan, 2006), production costs and coordination costs are the only costs involved for any service or to produce any product.

Production cost is the cost incurred to make the product or to provide the service and it includes the cost of labor, material, and capital. Coordination costs include monitoring, controlling and managing the work internally. For the outsourced process, the coordination costs are called transaction costs. Manhnke et al, (2005) stated that the relative transaction and production costs associated with the process or service determines whether to outsource or internalize the process. The decision to outsource is to reduce transaction costs as much as possible and thus the transaction cost theory (TCT) perspective is useful in examining the contributions to transaction costs, and how these might be reduced.

2.1.3 Reasons for Outsourcing

Companies outsource their different function of business due to many reasons. The reasons vary depending on the type and function of the business. The following are some of the reasons found on literature why companies outsource their functions of business.

- ✓ **Cost Reduction:** A desire to save indirect costs drive outsourcing since it allows having fewer employees that requires less infrastructure and support systems which may result in a more efficient organization (Fontes, 2000) (Hubbard, 1993). Some organizations outsource to achieve better cost control. (Manzi, 2004) states that the most common economic factor that influences the decision is the need to reduce costs. Where the benefits analysis has been carried out and has been established that it is most economic to outsource rather than continue to operate a given function looks forward to making profits in business. A desire to save indirect costs may also drive outsourcing. Outsourcing allows having fewer employees that requires less infrastructure and support systems which may result in a more efficient organization. Some organizations outsource to achieve better cost control while others try to shift fixed costs into variable costs (Kremoc, Rom, & Tukel, 2006).
- ✓ **Focus on Core Competence:** A company has very small number of functions that are keys to survival. Outsourcing of some non-core functions provides organizations with the flexibility to redirect and focus their resources on activities critical to their mission (Choi, 2008). Successful outsourcing allows the organization to focus in-house resources on tackling priorities. More recently the main drivers for outsourcing appear to be shifting from cost to strategic issues such as core competence and flexibility (DiRomualdo & Gurbaxani, 1998); (Elmuti & Kathawala, 2000); (Harris, Giunipero, & Hul, 1998); Outsourcing not only involves the transfer of work, but also the transfer of decision rights

(Power, 2009). By transferring decision rights, the organization is reducing its need to focus high levels of resources on the effort of decision making. The most often cited strategic reason for outsourcing is to allow the organization to better focus on its core competencies (Sislian & Satir, 2000). Because of intense competition, organizations are forced to reassess and redirect scarce resources ; (Drtna, 1994); (Jennings, 1997); (Ngwenyama & Bryson, 1999).

- ✓ **Enhance Flexibility:** Maintaining the level of equipment and staff necessary to cover peak loads can leave organizations with under-utilized resources during off-peak periods. On the contrary, organizations may only be able to maintain resources at a level just sufficient to meet normal demand, which is lead to poorer customer service at peak periods. In such situation outsourcing of functions that are subject to peaks and troughs in usage can provide organization with the flexibility to respond rapidly to changing demands Choi (2008). The company has a better flexibility in regard to the service, individual employee. If a company is not happy with the service provider, once the contract duration is completed, it can easily replace with a better provider. It is easy to move and shift to acquire better service. Whereas if it in house, there will be too many rules and regulations.
- ✓ **Access to New Technology:** One of the benefits of practicing outsourcing is to have access to new technology. The customer can avoid technology obsolescence and leverage the vendor's access to diverse and advanced technologies.
- ✓ **Transfer of Risk to Vendor:** Another reason for outsourcing is transfer of risk to the service provider. The outsource provider is liable to incidents and other employment risks. This detail will be specified in the contract.
- ✓ **Lack of Expertise:** Since the outsourced function is not a core function of the business, there is a lack of expertise to run the service effectively and efficiently. Therefore, the outsourced companies have the right expert with better education and skills on the specified function. They can help their customer by providing an appropriate service as the service for the outsourced company is their core business. There are many cases of outsourcing agreements where relationships are forged not just for basic cost saving but to get access to needed expertise, skills and technology. For example, Aon Corporation has outsourced the management of its US data centers, telecommunications networks, desktop support and help-desk services to Computer Sciences Corporation (CSC) (McDougall, 2004a, 2004b).

In addition to the cost saving, the main benefits of the outsourcing agreement would include access to the state of the art in security practices and techniques – the core competencies of CSC – to help the organization better plan for business continuity and security management. The bottom line is that innovative knowledge is required in almost all areas of operations for a business, but the cost of creating this knowledge is significant. Hence, rather than expending resources to create such knowledge, organizations are purchasing this knowledge from external sources. (Shitaye, 2016)

2.1.4 Pros and Cons of Outsourcing

Outsourcing has its own benefits and challenges. But the balance between the two depends on the ability of the service receiver to analyze the function and the commitment of the service provider to provide the service based on prior agreement (Maru, 2015)

2.1.4.1 Benefits of outsourcing.

The benefits of outsourcing are emanating from the rationale for outsourcing. Due to this most of the reasons for outsourcing are also its benefits.

- ✓ Outsourcing can free up cash, personnel, facilities, and time resources for a company. It can result in cost savings from lower labor costs, taxes, energy costs and reductions in the cost of production. This has called for some industries to move to other jurisdictions in order to find cheaper and skilled labour at the least cost available. This helps to reduce production cost. These factors have therefore forced most organizations to change in order to survive in this competitive world (Sankrusme, 2007).
- ✓ In addition to cost savings, a company may also employ an outsourcing strategy to focus on its core business competencies. This allows the company to devote more resources to what it does well, which can improve efficiency and increase its competitiveness. Since resources are limited & firms need to gain competitive advantage, they must select areas in which they will concentrate their resources (Prahalad & Hamel, 1990). By outsourcing to specialist organizations services not generated by core competences, companies can see an improvement in their organizational performance (Kotabe, 1989), (Gilley, Greer, & Rasheed, 2004).
- ✓ A company may also choose to outsource in order to avoid government regulations or mandates, such as environmental regulations or safety regulations and requirements (Bucki, 2018) .

- ✓ Outsourcing increases the efficiency of the company. The non-core business functions will be performed efficiently by outsourcing partner, while the core functions of the company can be efficiently carried out in-house. Thereby the managers of the company can achieve overall efficiency and see an increase in their profit. If a business wants to survive in today's business world, its focus must be on flexibility, speed, and agility (Lee, 2008). To achieve that, the organization would have to focus on its core competency and contract its noncore activities and functions to an external company which has the resource and also could take that activity as its core. This outsourcing strategy would enable the focal organization to concentrate its core competencies and therefore increase its efficiency without having to invest a lot (Lee, 2008).
- ✓ Access to innovation is another benefit of outsourcing practice since there are opportunities to have access to capabilities of suppliers into the products and services of the customer organization rather than attempt to replicate the capabilities of a supply network.

Forbs on its website (Patel, 2017)has also listed the three major merits of outsourcing as follows.

- ✓ You don't have to hire more employees.
- ✓ Access to a larger talent pool.
- ✓ Lower labor cost.

2.1.4.2 Challenges of Outsourcing

While outsourcing has many advantages, it also presents some disadvantages. The major challenges to outsourcing activities are loss of managerial control over outsourced operations, quality problems, threat to security and confidentiality, hidden costs and reallocation of existing teams (Fan, Ramachandran, Wu, & Yue, 2006).

- ✓ Some companies do not outsource because they like to have full control over their own operation. Having limited control can cause many problems for a company and result in court proceedings. Many companies do not want issues with another company and having possible issues with customer service scores.
- ✓ One reason to outsource is the expectation of receiving quality service from the outsourcer than from internal staff. Outsourcer has to be chosen in that particular way to ensure that there is no bad influence on the quality of goods and services produced.

Otherwise, company may lose its position on the market.

- ✓ Security & confidentiality is an important factor in outsourcing. The relationship will inevitably involve the third-party organization's access to sensitive business data, trade secrets and other confidential information that is necessary for it to perform its contracted function. Almost every outsourcing contract has terms of security and confidentiality spelled out, but the execution and audit are always difficult.
- ✓ A company will sign a contract with the outsourcing company that will cover the details of the service that they will be providing. Anything not covered in the contract will be the basis for the company to pay additional charges. The relationship with the third party that takes on the outsourced functions must be managed. This includes the negotiating and signing of contracts, which requires time and the involvement of a company's legal counsel, as well as the day-to-day communication with and oversight of the outsourced work.
- ✓ There may also be some negative public relations impacts for a company when outsourcing results in the loss of a large number of jobs (Bucki, 2018). Often after outsourcing, a part of the original team moves from outsourcing party to the outsourced one, which in turn causes major changes. According to (Bragg S. , 2006), sponsoring such a major change and seeing it fail can lead to termination of one or more of a company's management staff.

Again, Forbes has listed the below 3 points as the major disadvantages of outsourcing (Patel, 2017)

- ✓ Lack of Control
- ✓ Communication Issues
- ✓ Problems with Quality

Risks from minor setbacks to disastrous consequences happened in outsourcing has been identified in literatures. The risks may be from suppliers, the business environment, and outsourcing organizations themselves. Risks could happen right at the start of the implementation or after many years into operation (Aran & Patel, 2005).

The outsourcing connotations referenced in different literatures warns of the following potential risks:

- ✓ unrealized savings with a potential for increased costs,
- ✓ employee morale problems,
- ✓ overdependence on a supplier,
- ✓ lost corporate knowledge and future opportunities, and dissatisfied customers (Kremoc, Rom, & Tukul, 2006).
- ✓ Loss of synergy, conflict of interest, security issue, false sense of irresponsibility, loss of knowledge, skill and/or corporate memory, loss of core competency and power shift to supplier are other probable risks frequently mentioned by different authors (Klopach, 2000), (Avery, 2000) and (Lafferty & Roan, 2000).

Jim Tompkins from Tompkins international categorizes outsourcing risks in four major categories. These are Strategy Risks, Selection risks, Implementation risks and management risks.

2.1.5 Criteria for outsourcing and its process

All the decision of outsourcing functions should be made by top management except the most insignificant functions (Bragg, 1998). Granter group identified six factors which needs to be considered by most organizations in decisions of outsourcing. They include dependency risk, spill risk, focus, relative proficiency, strategic capabilities, and flexibility. The first four are short term factors whereas the last two are considered more long term or strategic (Edler 2003).

2.1.6 Comparison between In-House Team and Outsourcing

2.1.6.1 In-house team: pros and cons

The in-house team is the group of people companies hire one by one to their office. What they do is, they will look for specialists, make interviews, ask questions and control all the processes of hiring and work.

Hence, the in-house team will be a great decision for people who want to control all the processes in the company. (Fedak, 2019) identified the below pros and cons of the practice:

2.1.6.1.1 Cons of the in-house team

1. **Great expenses.** The insourcing or in-house team is quite a luxury item. You will need to invest a lot of money in the recruiting process. Also, you need to equip the workplace for every new employee or even rent/buy a new office because of team extension. Besides, you will need to pay salaries and benefits (Fedak, 2019).

2. **Time.** Highly qualified specialists are rarely available in the job market. Usually, they already have a job and do not want to change it. So, you will need to offer such specialists something better than they already have. This might be a great salary, an interesting project, etc. While you look for the talents, gather them and create a cohesive team, your project is paused (Fedak, 2019).
3. **Absence issues.** If some of team members become sick or leave, you need to spend time and money on new hiring or endure project pauses (Fedak, 2019).

2.1.6.1.2 Pros of the in-house team

1. **Control.** You can manage teamwork internally and control all the processes. This is a very important point for some business owners so we cannot neglect it (Fedak, 2019).
2. **Work immediately.** Of course, you need to spend a lot of time to collect the team but after that, you can immediately start to work with new projects. Access to the talents in-house can be a good competitive advantage (Fedak, 2019).
3. **Deep understanding.** The in-house team work with the project from its start till completion, so they know all the features and can work with them on quite a deep level of understanding, unlike the outsourcing team which will need time to discover and grasp the project details (Fedak, 2019).
4. **Talent development.** If you need some specific talent, you can develop your employees in the way you need them. As a result, you will get a satisfied employee because he gets an opportunity for professional growth and simultaneously, you will have a necessary specialist in the team (Fedak, 2019).
5. **Outsourcing.** Yes, we are still talking about the insourcing team but here is a thing. You might outsource your own team and become an MSP. Such an approach is suitable if you finish your project and can't organize fulltime work for every team member (Fedak, 2019).

Thus, in-house team suits the companies ready to invest in the recruitment processes, in the development of the team and ready to organize comfortable work for Employees. Usually, the in-

house team is more preferable for mid-to-large companies because they already have some money to invest in new employees.

2.1.6.2 Outsourcing team: pros and cons

When you choose to outsource, you refer to the Managed Service Provider (MSP) and it provides you a dedicated team. It can be the team of one kind of specialists or full team with all necessary talents (Fedak, 2019).

2.1.6.2.1 Cons of outsourcing

1. **Quality.** The very first disadvantage is the probable bad quality of work. There are a lot of situations when the business owner was forced to collect in-house team to solve problems after the outsourcing team. To avoid this risk, you should select the MSP very meticulously and check its reputation on the market before hiring the team (Fedak, 2019).
2. **Management issues.** You can be involved in the project but cannot control all the things. Actually, with a reliable MSP, you will not need to control everything but there are still a lot of business owners who do not like to delegate important management tasks. In this case, you might hire the dedicated team and involve your in-house Project Manager in the project.
3. **Problems with communications.** This is not a big problem in the 21st century but still, you need to pay attention to the time zones and choose the MSP with the appropriate one.

2.1.6.2.2 Pros of the outsourcing

1. **Cost efficiency.** Unlike the insourcing team, the dedicated outsourcing team will save you a lot of money. You should not make a lot of interviews, pay huge salaries for top in-house specialists, and equip workplaces. You just pay the agreed sum per hour or for the whole project. Also, you do not need to pay salaries after the project ends (Fedak, 2019).
2. **Access to the talent pool.** A lot of great specialists work with MSPs because top-level talents like variety in projects to support their professional growth and MSP can provide it.
3. **Focus on core business functions.** You will delegate a part of your work and can focus more on some important business needs, allocate resources for it, etc (Fedak, 2019).

4. **Reduction of the personnel size.** This is quite important because you do not need to look for a bigger office, equip new workplaces, etc. You just hire a dedicated team and can work with it despite locations (Fedak, 2019).
5. **Quick team change.** If you don't like the quality of dedicated team work, you always can find new MSP and change the team. With in-house specialists, it is more difficult (Fedak, 2019).

2.2 Empirical Review

Under this section the previous empirical findings of major reasons, benefits, and challenges in the context of outsourcing are reviewed as follows:

2.2.1 Reasons to Outsource.

A study conducted by (Mekuria, 2017) to assess Challenges and Prospects of Outsourcing Practice in Commercial Bank of Ethiopia revealed that 77.6 % to help the bank to focus on more strategic areas rather than non core activities, 35.1% to bring reduction in cost, 16.6% to enable the bank to access new skills, 24.2% to get quality improvement, 77.7% to save management time through reduced control and day to day monitoring.

Another study made by (Kayumba, 2019) showed that many organizations outsource in order to get specialization (100% of respondents accepted), to 51 reduce cost (96% of respondents accepted) and to deal with problematic activities (81.1 % of respondent accepted).

2.2.2 Outsourcing Benefits

Based on a study on the Benefits and Risks of Outsourcing Logistics in the Romanian Industry conducted by (Irina, Liviu, & Ioana, 2012), the findings on the benefits pursued by companies that resort to logistics outsourcing were: 55.6% focus on the company's core competences, 96.5% Cost reduction, 66.7% increase customer service level, 44.4% increase competitiveness, 25.9% access to new technologies and 68% for risk sharing.

(Sang, 2010) examined outsourcing practices in Kenyan public universities to investigate the challenges and opportunities presented by outsourcing activities in the universities. The finding was that the universities involved in outsourcing had some general policy statements on outsourcing but without known regulatory framework. He also identified Security and Cleaning as the major activities currently outsourced in public universities while the least outsourced activity was catering. The study established that outsourcing enables cost reduction and improves efficiency.

2.2.3 Outsourcing Challenges

The challenges encountered during the outsourcing of logistic activities in the above Romanian study were: 43.5% supplier's failure to meet the required quality standards, 39.8% events of default, 33.5% poor communication with the supplier, 13.1% Loss of control on the process, 18.9% Lack of compatibility between the two parties' strategies, 25.9% Insufficient competences on the supplier side and 67.9% on hidden costs.

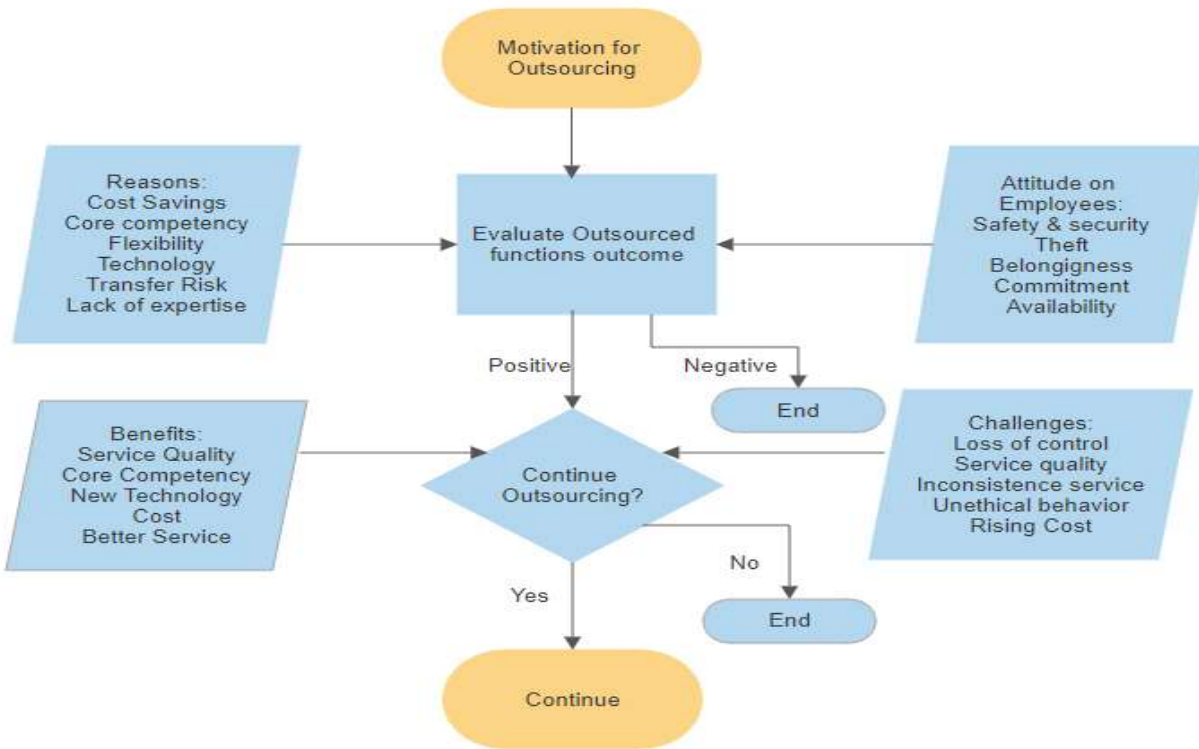
As per the study (Mulat, 2007) to assess the current outsourcing practice of Ethiopian organizations, the finding was that 72% of companies in Ethiopia outsourced one or more of any of their business functions whereas 28 % in house all their functions.

There is also a high variation in the quality of services received from the outsourced services. As per his findings, 14% very satisfied, 57% is satisfied, 14% indifferent, 10% unsatisfied and only 5% were very unsatisfied.

(Sang, 2010) in his study found out that the major challenges of outsourcing at public Universities included negative attitude of staff, poor monitoring and evaluation, non-cooperation by students to the outsourced and interference by community. The study affirmed that for a university to successfully outsource its functions, it requires proper evaluation and planning.

Previous research findings have proved contradictory results on the effect of outsourcing strategy on performance. While some including those of (Agyemang–Duah, Aikins, Asibey, & Broni, 2014), ; (Rajee & Hamed, 2013); (Akewushola & Elegbede, 2013); (Irefin, Olateju, & Hammed, 2012); (Nazeri, Gholami, & Rashidi, 2012); (Hayes, Hunton, & Reck, 2000), presented a positive effect, those of (Isaksson & Lantz, 2015); (Yeboah, 2013) and (Gilley, Greer, & Rasheed, 2004); found out no effect or relationship between outsourcing and performance. Empirical survey research to date reports mixed results on the relationship between outsourcing and firm performance. (Gilley et al 2004)

2.3 Conceptual framework of the study



Source: Researcher's own framework

CHAPTER THREE

3 Research Methodology

This chapter deals with the methodology used by the researcher to investigate the challenges and benefits of outsourcing practices in ICS Addis Ababa. It deals with the methods to be used to collect and process data such as the research design, approach, sources of data and its collection methods, sample size and sampling methods, and data processing tool.

3.1 Research Design

A descriptive research design was used to conduct this study since it was a study designed to depict the participants in an accurate way. Descriptive research is all about describing people who participated in the study. Survey method is one of the descriptive research types that was used in this study to be able to communicate and identify the benefits and challenges of the outsourcing practice at ICS.

Descriptive survey is used for this study as it will be useful for describing the data that will be collected in research studies and to accurately characterize the variables under observation within a specific sample (Marczyk, DeMatteo, & Festinger, 2005).

3.2 Research Approach

For the purpose of the present study, concurrent mixed research approach which advocates the combination of both qualitative and quantitative was ideal for investigating the benefits and challenges of outsourcing practice at ICS. Concurrent mixed approach focuses on collecting, analyzing, and mixing both quantitative and qualitative data in a single study. The decisive argument here is that the use of both quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach achieves alone (Creswell, 2003).

3.3 Sources of Data

Both primary and secondary data were gathered in this study, as discussed below. The primary data was used as the major source of data in this study to assess the benefits and challenges of outsourcing practice at ICS. Data from primary sources were collected through questionnaire that

was distributed to employees of the office. In addition to the questionnaire, in depth interview was conducted with the supervisors and managers of the office who had direct contacts with the outsourcing companies to triangulate the survey result. The secondary data sources of this study were gathered from the documentations mainly from laws & manuals.

3.4 Data Collection Techniques

Data for this research were collected from primary and secondary sources. Putting the research objectives into consideration, the survey method was employed using questionnaires and interviews with the employees as well as supervisors and managers of ICS during the survey. The questionnaire was a properly constructed open and close ended questions in order to make it easier and to obtain precise answers from the respondents. In addition, structured interviews with the manager and supervisors of the service provider were conducted.

3.5 Population and Sampling Methods

3.5.1 Target Population

The target population consisted of current employees of ICS, managers and supervisors of the outsourcing services at ICS, and employees of outsourced companies. i.e

- ✓ 69 Employees of Fire Works Cleaning PLC
- ✓ 15 Employees of Bora Garden
- ✓ 10 Employees of Siltun Balemuya Co.Pvt.Ltd (SBACO)
- ✓ 10 Employees of Securicor Ethiopia PLC
- ✓ 369 Employees of ICS including Managers and Supervisors who has a direct contact with the above outsourced service providers.

3.5.2 Sample size

The total target population for this study was 473. Out of the total target population, 117 respondents were selected from each outsourced employees and supervisors, managers, and employees of ICS by using the below Yamane's sample size determination formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where: $N = \text{Target population}$

$n = \text{Sample size}$

$e = \text{Significance level}$

$$n = \frac{473}{1 + 473(0.08)^2} = 117$$

The below table shows how many from each stratum were included in the sample.

Table 1: Proportional sample size

Remark	Population Size	%age	Proportional Sample size	Rounded
Fire Works Cleaning PLC	69	15%	17.07	17
Bora Garden	15	3%	3.71	4
SBACO	10	2%	2.47	2
Securicor Ethiopia PLC	10	2%	2.47	2
ICS	369	78%	91.27	92
Population Size	473	100%		
Sample Size (Yamane's)	117		117.00	117

3.6 Sampling Technique

This study employed both proportional and purposive sampling technique by stratifying the sample in to five groups i.e Employees of Fire Works Cleaning PLC, Employees of Bora Garden, Employees of SBACO, Employees of Securicor Ethiopia PLC and Employees of ICS. Stratifying the population brings accuracy and homogeneity. The proportional random sampling technique helped the researcher to decide who to include in the sample based on their typicality and to have proportional number of representatives from all types of outsourced employees. Whereas the purposive sampling helped the researcher which individual to include on the survey based on their purpose and role.

3.7 Method of Data Analysis and Presentation

In this study, the collected data was analyzed using descriptive quantitative and qualitative methods. The quantitative data, gathered through the survey questionnaire were analyzed by using descriptive statistics which incorporates the use of descriptive method and also frequency and percentages used. Descriptive analysis used to analyze the frequencies, on range of variables of respondent's perception and their level of agreement or disagreement with the given statement under each Likert type of

questions, and inference of the quantitative data. The statistical package for Social Science Software (SPSS) version 23 was employed for doing the task of analysis. These data were presented in tables and figures which were derived from related questions in the sections of the questionnaire using SPSS. Narrative analysis was also presented for the qualitative data that explains about respondents' attitude, opinion and perception and other feelings towards the practice.

3.8 Pilot Test

Before the questioners were distributed to the ICS community, the researcher made some pilot study for 20 employees from each type of population to increase the clarity of the questioners and their flow. As per the feedback gained from three of the participants, the researcher adjusted some of the questions and rephrased them accordingly.

3.9 Reliability and Validity

Reliability and validity are concepts used to evaluate the quality of research. They indicate how well a method, technique or test measures something. Reliability is an idea that the conducted test or study gives the same result if repeated elsewhere; it is the estimation of consistence of the tools in the same settings and subject or the measure of repeatability of the measurement. Cronbach's alpha is the most common and accurate measure of the internal consistency (reliability) of a questionnaire that is used in a study. Also, it is believed as the easiest measure since it does not require administering the test twice or having two forms.

Whereas validity refers to what the test or measurement strategy measures and how well it does so. Conceptually, validity seeks to answer the following question: "Does the instrument or measurement approach measure what it is supposed to measure.

In general, reliability is about the consistency of a measure, and validity is about the accuracy of a measure. After conducting the pilot test, three questions from attitude of employees towards outsourcing have been deleted from the analysis to increase internal consistency.

Note that a reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations suggesting that the items have relatively high internal consistency.

Table 2: SPSS Reliability test result

Construct	Cronbach's Alpha	Internal Consistency
Reasons to Outsource	.714	Good
Benefits of Outsourcing	.904	Very Good
Challenges of Outsourcing	.901	Very Good
Attitude towards Outsourcing	.942	Very Good

3.10 Ethical Considerations

The researcher maintained scientific objectivity throughout the study, recognizing the limitations of his competence. The following ethical issues were considered in this study. These issues were the right of privacy and dignity of treatment, voluntary participation, informed consent, anonymity, deceiving subjects, and analyzing and reporting of the research findings. Every effort in this study was guarded against harming any research participant and the researcher used ethical clearance to collect data. All surveys were kept anonymous throughout the research. This survey was taken in a straightforward manner and participants in the inquiry were not being misdirected. Lastly, all of the data that were analyzed were reported in this study.

CHAPTER FOUR

4 Data Presentation and Analysis

4.1 Response Rate

This section of the study deals with presentation, findings, analysis, and interpretation of the data that has been collected from respondents in different gathering tools. For the purpose of this study, the researcher used two different types of questionnaires and an interview with the managers and supervisors of ICS who has a direct role with the outsourced service provider. The first questionnaire is for ICS employees and the second one is for employees of outsourced service providers. Both the questionnaires have two parts. The first part is about background information of the respondents and the second part consist of questions which are directly related with the outsourcing practices at ICS.

For the purpose of this research 117 questionnaires were prepared, 92 were distributed to employees of ICS and the remaining 25 were given to the employees of the outsourced service providers working at ICS (janitors, setup crew, landscaper, and security guards). All the questionnaires have been returned and some of the open-ended questioners were left blank by respondents.

The responses that have been collected from the participants have been analyzed and presented using SPSS. As per the Likert -type scale, the level of agreement or disagreement were considered for the data interpretation and to draw visible conclusion. The researcher consolidated “strongly agree” to “agree” and “strongly disagree” to “disagree”. Thus, throughout this study, the data interpretation was made in three scales. i.e agree, neutral and disagree so that the results would be so informative.

4.2 Characteristics of the respondents

Table 3: Profile of the respondents

Variables	Categories	Frequency	Percentage
Gender	Male	45	49%
	Female	47	51%
	Total	92	100%
Age	Below 30	7	8%
	30-40	52	56%
	41-50	21	23%
	Above 50	12	13%
	Total	92	100%
Educational Background	G1-6	0	0%
	HS Complete	0	0%
	Certificate	0	0%
	Diploma	4	4%
	First Degree	41	45%
	Above First Degree	47	51%
	Total	92	100%
Years of Experience at ICS	Below 5years	21	23%
	5-10 Years	32	35%
	10-15 Years	30	33%
	Above 15 years	9	9%
	Total	92	100%

Source: Survey Data, 2021

Gender of the Respondents:

As per table 3 above, among the respondents 45(49%) were male and the remaining 47(51%) were female. This shows majority of the respondents are female.

Age of the Respondents:

Also, their age category 7(8%) was below 30 and 52(56%) between 30-40 years and 21 (23%) were 41-50 years and the rest 12 (13%) of the respondents are above 50 years old. This shows the majority of the respondents fall between 30-40 years of age.

Educational Background:

With regard to the educational level of the respondents, 4(4%) earned Diploma, 41(45%) are First Degree holders and the remaining 47(51%) holding above first degree. This shows us majority of the respondents have second degrees and are objectively educated and they could understand and give rational responses to the questionnaire distributed to them.

Years of Experience at ICS:

Lastly, their years of experience at ICS shows 21(23%) have below 5 years and 32(35%) are 5-10 years where as 30 (33%) have 10-15 years of experience and the remaining 9(9%) worked above 15 years. This indicates that majority of the respondents have more than 10-15 years' experience. This helps the researcher to be able to compare the service level before outsourcing and after outsourcing.

4.3 Reasons for outsourcing school's non-core functions

Table 4: Reasons for outsourcing school's non-core functions

Reasons	Strongly Disagree		Disagree		Neutral		Strongly agree		Agree		Mean	Rank	Std. Deviation
	%	f	%	f	%	f	%	f	%	f	%	f	s
Cost reduction	6.5%	6	18.5%	17	10.9%	10	39.1%	36	25%	23	3.57	2	1.2335
Focusing on core competency	2.2%	2	8.7%	8	17.4%	16	46.7%	43	25%	23	3.84	1	0.9753
Enhancing flexibility	1.1%	1	18.5%	17	19.6%	18	43.5%	40	17.4%	16	3.57	3	1.0189
Accessing new technology	15.2%	14	21.7%	20	20.7%	19	31.5%	29	10.9%	10	3.01	6	1.2623
Transferring risk to the vendor	9.8%	9	15.2%	14	17.4%	16	27.2%	25	30.4%	28	3.53	4	1.3297
Seeking for external expertise/skill	13%	12	15.2%	14	6.5%	6	42.4%	39	22.8%	21	3.46	5	1.3461

Source: Survey Data, 2021

Focusing on core competency:

As per table 4, 72% of the respondents agreed that focusing on core competency is the main reason for ICS to make a decision to outsource its cleaning, gardening, security and setup service to service providers. This data implied that the majority of the participants believed the school focused on its main business function while giving away auxiliary functions to others.

Other research has been made previously that support the findings of the researcher. Many organizations decide to outsource some organizational activities. This is because they need to build and concentrate on their substance competencies to succeed in a competitive global market and to achieve growth in the long period (Potkány, 2008).

Cost reduction:

64% of respondents replied that cost reduction is the next major reason to outsource the services for the service provider. This data can tell that the school has a reason of cost reduction because of the outsourcing.

Although asset costs are increasing due to the impact of the global financial crisis, organizations cannot increase their production cost due to the high level of competition in today's markets. It is necessary for organizations therefore to search for strategies which lower asset costs (Greer, Youngblood, & Gray, 1999); (Hansen, 2009); (Potkány, 2008). (Stroh & Treehuboff, 2003) claim that outsourcing is seen as a cost saving strategy, with organizations outsourcing their non-core competencies whilst still maintaining customer service, and thereby gaining a competitive advantage.

Enhancing flexibility:

To enhance flexibility of the school was another alternative that was responded by participants. Exactly 61% of the respondents believe flexibility is the next alternative reason after core competency and cost reduction. Here it can be noted that the school gets flexibility in its operations by contracting out its services out.

Transferring risk to the vendor:

In addition to the three major reasons, 58% of the participants thought it is done as a main motive to transfer risks to the vendor. It shows that almost half of the respondents think ICS outsources its services just to transfer risks to the outsourcing agents.

Seeking for external expertise/skill:

Table 4 illustrates the majority 65 % of the respondents agree on seeking for external expertise is another reason. As per this result, participants believe external expertise would be hunted through outsourcing instead of in-sourcing.

Also, a different research agrees on seeking of external expertise as the reason to consider outsourcing. A hotel may not feel fully comfortable having to learn about an aspect of business that is not their particular forte. It may make more sense to hire a company that knows the ins and outs of this type of business they are looking for. (Angela, 2012).

Accessing new technology:

The last factor ICS considered is accessing new technology. 42% of the respondents responded it is the major reason while the 37% did not consider it the main reason for ICS to outsource. The finding indicated that accessing new technology is not as such the main factor for ICS to decide on providing its current outsourced services to be delivered by a third party.

To conclude the result of the above data, focusing on core competency of the school, Cost reduction and enhancing service flexibility were the top reasons behind ICS decision to outsource its non-core functions to the service provider.

However, transferring risk to the vendor, seeking for external expertise & accessing new skill/technology were not considered as reasons for outsourced services.

On top of this, manager of outsourcing administrative office also confirm that ICS wanted to focus on its core functions which his providing quality education for the students and allocate its resources and direct administrative effort to its critical support areas to be more productive and cost efficient.

4.4 Successfully outsourced non-core business functions by ICS

Table 5: Successfully outsourced non-core business functions.

Success parameters	Types of Services	Landscaping/ Gardening	Janitorial/ Cleaning	Setup/ Porters	Safety and Security
		Mean	Mean	Mean	Mean
Outsourcing services saves money		3.380	3.478	3.750	3.511
Outsourcing services allow to focus on core business functions		4.011	3.902	4.033	3.391
Outsourcing services enhance flexibility		3.576	3.446	3.826	3.522
Outsourcing services acquire innovative ideas/new technology		3.641	3.098	2.848	2.837
Outsourcing services reduces risks		3.522	3.511	3.391	2.750
Outsourcing services overcome lack of in-house expertise		3.739	3.217	3.087	2.859
Highest Mean		4.011	3.902	4.033	3.522
Rank		2	3	1	4

Source: Survey Data, 2021

In order to know which non-core business functions that the school had outsourced successfully, the researcher asked the respondents the above six success parameters in relation to each service category. A benchmark was set as shown on table 5.1 below to see where the highest mean of all the outsourced services fall.

Table 5.1 Benchmark on mean values

Mean Values		Remark
Low	High	
2.750	3.071	Poor
3.071	3.391	Fair
3.391	3.712	Good
3.712	4.033	Very Good

Source: Researcher's estimate

The researcher then took the mean of each parameter and selected the highest mean so that it will be easy to compare and rank according to their wait. As per the already set benchmark,

“Setup/Porter”, the service ICS outsourced from SBACO, and “landscaping, the service rendered by Bora Garden PLC belong to the “Very Good” remark section and are successfully outsourced as compared to the other two services.

4.5 Benefits gained after outsourcing the non-core functions of the school.

Table 6: Benefits gained after outsourcing non-core business functions.

Benefits Gained After Outsourcing	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Rank
	%	f	%	f	%	f	%	f	%	f		
The quality of service has been improved	1.1%	1	13.00%	12	34.80%	32	41.3%	38	9.8%	9	3.457	5
It helps the school to give more focus to its core functions	1.1%	1	5.4%	5	5.4%	5	63.0%	58	25.00%	23	4.054	1
Flexibility of the service is improved	2.2%	2	13.00%	12	23.9%	22	51.1%	47	9.80%	9	3.533	4
It assisted the current fast growth situation of the school	0.0%	0	7.6%	7	30.4%	28	44.6%	41	17.40%	16	3.717	3
It helps the school to access new skills not available internally	2.2%	2	23.9%	22	22.8%	21	40.2%	37	10.9%	10	3.337	6
Outsourcing saves management time and money through reduced the need to control day to day operations of the noncore functions	0.0%	0	9.8%	9	12.0%	11	52.2%	48	26.1%	24	3.946	2
The service provider manages its services better than the school manages it before outsourcing	9.8%	9	16.3%	15	35.9%	33	28.3%	26	9.8%	9	3.120	7

Source: Survey Data, 2021

Focusing on core functions/activities:

As per table 6 above, the majority (88%) of the respondents confirm outsourcing assisted the school focus on its core functions which is teaching and learning. We can infer from the result that the school is benefited to concentrate on its main business function which is providing quality education to its students.

Research in this field also indicates that if an organization is to survive in the business world today it must focus on speed, flexibility, and agility. To do that, organizations need to focus on main and

core competencies whilst contracting non-core functions to an external entity which will carry out that function as one of their core activities (Entrekin & Court, 2001); (Lee, 2008); (Young, 2007). This outsourcing strategy can allow organizations to focus on their core competencies in order to increase efficiency without having to invest in people and technology (King, 2007); (Lau & Zhang, 2006).

Saving management time and money:

The next major benefit that the respondents (78%) revealed is outsourcing non-core functions helped the school saves its management time and money through reducing control. From this the researcher understands that the management is able to get ample time to focus and concentrate on the major tasks of the school.

Assisting current fast growth:

With regard to assisting current fast growth of the school 62% said outsourcing assisted the current fast growth situation of the school while 8% did not think it assisted in such a way. Here we can summarize that outsourcing played a pivotal role in the expansion of the school.

Flexibility of the service:

In addition, 61% of the respondents said the flexibility of service had been improved after ICS outsourced the setup crew, cleaning, landscaping, and security services. From the data obtained we can imply that there is an improvement in the service flexibility as compared to when it was handled in-house.

Improving the service quality:

Improving the service quality has been supported by 51% of the respondents as one of the benefits that ICS gained from outsourcing its non-core functions. On a contrary, 14% thought outsourcing the non-core functions of the business (janitorial, security, landscaping, and setup crew) did not increase the service quality of the school. This shows that the school really is benefited out of these services as the quality expectation from the community is high. Service quality is also something you must consider and explore, notes Patrick Wright, professor of HR studies at Cornell University (Ithaca, N.Y.). “The expectation is that the quality of service gets better, [but] there’s no

quantitative data out there to support the actual decision saying that outsourcing is always cheaper and better.

Accessing new skills not available internally:

As per the table, 51% made a point that the benefit gained from outsourcing is to have access to skills that are not available internally at ICS as compared to 26% respondents who did not believe ICS gained a skill that was not available internally. So, it is noted that the school gets some of the skills and technologies that it didn't have with in.

Better management by the service provider:

Another factor that was disclosed by 38% of the respondents is better management by the service provider than ICS manages it while 26% did not agree on this. Here the data reveals that 36% could not tell the difference and it is to the researcher's surprise that how they didn't say something on it.

To summarize the findings of the above data, majority of the respondents confirmed that after the school outsourced its non-core functions i.e setup, landscaping, cleaning, and security services, it appreciated two basic benefits. The first one is to focus on its core function of the business, which is ensuring a high quality of teaching and the second benefit is to save management time and money through reduced the need to control day to day operations of the non-core functions. It is also confirmed that it assisted in the current fast growth situation of the school.

Moreover, during the interview, the manager, who is in charge of the outsourcing services confirmed that some of the basic benefits puts less administrative burden and higher efficiency as the school administration is able to focus on its full-time core operation. He also mentioned that the quality & flexibility of the service is improved as they are providing better service in the outsourced areas since the companies and their manpower are experts in the area and possesses required equipment and machinery.

However, the service providers could not be able to excel outsourced services quality due to their poor management.

4.6 Challenges of Outsourcing non-core functions of the school

Table 7: Challenges after outsourcing its non- core functions of the school.

Challenges of outsourcing	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Rank
	f	%	f	%	f	%	f	%	f	%		
Lack of direct control of the day-to-day activities and performance of services	5	5.4%	33	35.9%	18	19.6%	31	33.7%	5	5.4%	2.978	5
Threat to security and confidentiality	5	5.4%	17	18.5%	16	17.4%	41	44.6%	13	14.1%	3.435	2
Inconsistent service quality	5	5.4%	23	25.0%	14	15.2%	47	51.1%	3	3.3%	3.217	3
Unethical behavior of janitors, security guards, setup crew and gardeners	18	19.6%	39	42.4%	22	23.9%	10	10.9%	3	3.3%	2.359	7
Increasing cost of the outsourced services through time more than expected	5	5.4%	24	26.1%	48	52.2%	13	14.1%	2	2.2%	2.815	6
Unable to work as per the SLA (Service Level Agreement)	4	4.3%	23	25.0%	32	34.8%	32	34.8%	1	1.1%	3.033	4
Language & Communication barrier	3	3.3%	12	13.0%	24	26.1%	47	51.1%	6	6.5%	3.446	1

Source: Survey Data, 2021

Language & Communication barrier:

As we see from the above table the majority (58%) claim that language and communication barrier is the biggest challenge faced. From this we can tell that the school is really in a challenging situation because of language and communication problems the fact being it is a community of multi nationals from across the world.

Threat to security and confidentiality:

Threat to security and confidentiality is another challenge witnessed by 59% of the respondents while 24% did not say there is a security and confidentiality threat. We can infer from the result that maintaining confidentiality is a serious problem and need to be worked on.

Inconsistent service quality:

As per the result (55 %) claim that the quality of the service rendered by the outsourced service is inconsistent. As the data indicates, maintaining the quality of services is a problem while it needs to be continuously the same as per the expectations of the community.

Some organizations which outsource their activities may suffer from low quality output by external service providers who have low knowledge of the activities and the firms 'objectives (Elmuti, 2003); (Barthelemy, 2003). Indeed, outsourcing practice can shift the benefits of organizational learning to the external service provider (Elmuti, 2003).

Unable to work as per the SLA:

Another important challenge outlined by 36% of the respondents is disabling to work as per the SLA. From the data obtained we can say that almost all outsourced staff are not performing as per the SLA and it's a huge cost & discouragement for the school.

Lack of direct control of the day-to-day activities:

In addition, 39% of the respondents responded that ICS losses direct control of the day-to-day activities and performance of the outsourced services. From this the researcher understands that the school has no control over their activities on a daily basis as these was left for others.

Increasing cost of the outsourced services:

The next challenge that respondents (16%) confirmed is increasing cost of the outsourced services through time more than expected. Here it can be noted that while outsourcing is also a means of cost minimization, the recent trend in accessing it is increasing cost wise hence another challenge for the school.

Behavior of the outsourced staff:

With regard to ethicality of the behaviors, 62% respondents disagree behavior of janitors, landscapers, Setup crew and security guards at ICS are ethical. From the above data we can tell that ethicality of the outsourced staff is in big question mark causing a dissatisfaction to the community.

In addition to the mentioned problems, the management of the outsourcing administrative office revealed during the interview that one of the main challenges ICS faced in relation to outsourcing some of its support services is the risk of high turnover of outsourced employees driven mainly by the volatile labor market condition. Some of the vendors have sustained challenges in maintaining a low turnover rate of their employees. In addition to the negative effect of this phenomenon on vendor's service quality, the school has to repeatedly train a high number of outsourced employees to familiarize them with the school's culture and environment.

The higher turnover rate is considered as a potential threat to our community safety and security in general and the child protection policy in particular. Some confidential issues can also be compromised. The volatile labor market condition and constant inflation in the market has brought about unpredicted hikes in contractual prices of outsourced services and has negatively affected the school's financial position.

Another challenge the school faced is an impact on outsourced employees' morale and the service quality in return caused primarily by inappropriate comparisons of the employment conditions of ICS's own staff with that of the outsourced ones.

As per the administrative office, vendor selection was another challenge they faced in relation to outsourcing. They told the researcher this problem was faced due to lack of competent service providers in the market and even after selection the current service providers were not performing as per the service level agreement.

In summary, the collected data implied that there are many major challenges faced by ICS due to outsourcing its services on non-core function of the business. The major problems include language & communication gap, threat to security and confidentiality, inconsistent service quality, meeting the requirements of SLA, loss of control, high turnover, unethical behavior of outsourced employees, high rate of absents, lack of commitment, lack of belongingness, dissatisfaction, loss of morale, a high concern of security and safety specially for our expat community are the major concerns.

Employee commitment and obligation is very crucial because an employee who is loyal and committed identifies with the culture, goals, system, and values of the organization. Outsourcing does not have a positive effect on employee commitment and results in the lack of a sense of

belonging and connection with the organization (Punia & Sharma, 2008). Which in fact has a high concern for ICS as it is an international school which accommodate children of almost all the expatriates living in Ethiopia.

4.7 ICS Employees Attitude towards the Outsourced Service

Table 8: Attitude of ICS staff towards outsourced employees (Security & Safety)

Attitude of employees of the outsourced services (Security & Safety)	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	f	%	f	%	f	%	f	%	f	%	
ICS Community members feel more secured and comfortable with the security services delivered by the outsourced staff	7	7.6%	14	15.2%	34	37.0%	24	26.1%	13	14.1%	3.239
Internal theft has been decreased since ICS outsourced some part of its security and safety team	5	5.4%	19	20.7%	59	64.1%	7	7.6%	2	2.2%	2.804

Source: Survey Data, 2021

Feeling of security and comfort by ICS Employees:

As we observe from table 8, about 40% of informants of the questionnaire indicated that ICS community members feel more secured and comfortable with the security services delivered by the outsourced company. This implies that nearly half of the respondents are ok with the services of outsourced security guards.

Internal theft:

In connection with theft, only 10% of informants revealed that internal theft has been decreased since ICS outsourced some part of its security and safety team, and 26% of respondents did not agree on this. We can conclude from the result that there is a high rate of theft after their involvement.

Table 9: Attitude of ICS staff towards outsourced employees (Janitors / Cleaners)

Attitude of employees of the outsourced services (Janitors)	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	f	%	f	%	f	%	f	%	f	%	
Cleaning service is delivered on time without affecting office hours	0	0.0%	9	9.8%	12	13.0%	49	53.3%	22	23.9%	3.913
Janitors are skilled and use appropriate cleaning materials	1	1.1%	10	10.9%	12	13.0%	52	56.5%	17	18.5%	3.804
Janitors are well professional and there is little, or no theft or item lost reported	0	0.0%	19	20.7%	27	29.3%	34	37.0%	12	13.0%	3.424
Janitors are available at any time in the office if their service is needed	0	0.0%	4	4.3%	9	9.8%	54	58.7%	25	27.2%	4.087

Source: Survey Data, 2021

Cleaning service hours:

In connection with cleaning service hours, majority (77%) of the participants replied that cleaning service is rendered on time without affecting office hours of ICS employees. This data can tell that office hours are not interrupted, and employees do not get distracted of their work.

Skilled and use of appropriate cleaning materials:

As per the finding, 12% of the informants confirmed that janitors are not skilled and do not use the appropriate cleaning materials when they provide cleaning services, while 75% disagree with the above statement. Here it can be noted that cleaning materials are appropriately provided.

Professionalism and theft:

Another factor with regard to janitors is theft and item lost. It has been reported by 21% of the participants that there has been theft and item lost reported repeatedly by janitors though 50% did not have any problem with regard to theft and item lost. As the result indicates, professionalism of the janitors is not as such an issue.

Availability of janitors:

The last important point that was confirmed by 86% of the informants is availability of janitors at any time in the office if their service is needed. The finding indicated that janitors can be called and accessed at any time an ICS employee needs their service.

Table 10: Attitude of ICS staff towards outsourced employees (Gardeners/ Landscapers)

Attitude of employees of the outsourced services (Gardeners)	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	f	%	f	%	f	%	f	%	f	%	
After ICS outsourced its landscaping services, the compound has been more beautiful, green and the service exceeded as compared to the service before that	0	0.0%	1	1.1%	31	33.7%	29	31.5%	31	33.7%	3.978
Landscaping service (i.e composing, manuring, digging...) is delivered after office hours without affecting the ICS community members	1	1.1%	3	3.3%	16	17.4%	43	46.7%	29	31.5%	4.043
Gardeners are skilled and use appropriate equipment's for the compound	0	0.0%	4	4.3%	8	8.7%	49	53.3%	31	33.7%	4.163
Gardeners of the school are well trained and know their jobs as well as they perform tasks according to expectations of ICS	0	0.0%	1	1.1%	19	20.7%	39	42.4%	33	35.9%	4.130
Gardeners are well professional and there is little, or no theft or item lost reported at ICS premises	0	0.0%	6	6.5%	37	40.2%	27	29.3%	22	23.9%	3.707
Gardeners of the school are well aware of the ICS rules and regulations and follow the ICS way	0	0.0%	1	1.1%	23	25.0%	46	50.0%	22	23.9%	3.967

Source: Survey Data, 2021

Making the campus green and beautiful:

With regard to landscaping, the campus being green and beautiful, 65% replied that after ICS outsourced its landscaping service, the compound became greener and more beautiful. From the above data we can tell that ICS compound's look has changed a lot.

Service delivery time:

As per the Survey Data, majority (78%) revealed that landscaping service (i.e composing, manuring, digging) are delivered after school hours without affecting the service hours of employees. From the data obtained we can say that employees do not distracted of their work as these services are delivered after office hours.

Skill and use of appropriate equipment:

As we observe from the table, 87% of the participants confirmed that Gardner's are skilled and use the appropriate equipment for the compound. So, it is noted that the service provider provides skillful employees. They also provide appropriate equipment for the tasks.

Performing tasks as per the school's expectation:

In addition, 78% of respondents believe gardeners are well trained and know their jobs and perform as per ICS expectation while only 1% disagree on this leaving 21 % indifferent. We can infer from the result that this area is better handled by the school and the outsourcing company as well.

Professionalism and theft:

In association with theft concerns, 7% agreed that there has been theft by gardeners and their professionalism is in question while 53% said no theft has been reported and they are professional. This result shows that they are so professional and only little incidents happening.

Knowledge of the ICS rules and regulations and follow the ICS way:

With regard to abiding to ICS rules and regulations and follow the ICS way, 74% replied that the gardeners follow the rules and regulations while 1% do not believe that gardeners are following the school regulations. From this the researcher understands that the school is able to engrave its rules and regulations in the minds of the gardeners.

Table 11: Attitude of ICS staff towards outsourced employees (Set Up/ Porters)

Attitude of employees of the outsourced services (Porters)	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	f	%	f	%	f	%	f	%	f	%	
Setup/porter service providers of the school are well trained and professional	0	0.0%	4	4.3%	17	18.5%	51	55.4%	20	21.7%	3.946
Setup/ Porter are presentable and well groomed	0	0.0%	3	3.3%	25	27.2%	46	50.0%	18	19.6%	3.859
Setup/porters are well professional and there is little, or no theft or item lost reported at ICS premises	0	0.0%	6	6.5%	35	38.0%	40	43.5%	11	12.0%	3.609
There is an excellent communication among the members and there has not been major problem in regard to setup or moving	1	1.1%	5	5.4%	17	18.5%	50	54.3%	19	20.7%	3.880
There has not been a delay on any major events of the school due to the porter/setup lack of skill or miscommunication	0	0.0%	3	3.3%	19	20.7%	38	41.3%	32	34.8%	4.076

Source: Survey Data, 2021

Professionalism of the set-up crew:

As to the setup crew, the result showed on table 11 above confirmed that 77% stated set up crew are well trained and professional, 4% did not agree on this and 19% said nothing on this factor. The data reveals that the issue of professionalism in this area is not a problem.

Being presentable and well grooming:

Only 3% of the respondents confirmed that the setup crew at school do not keep their personal grooming and they present themselves poor while 70% think that they are presentable, and their grooming is good. From this we can tell those porters keep themselves clean during their work.

Professionalism and theft:

In connection with theft, 56% of the respondents testified that there is no theft or item stolen by the setup crew members. Again, the data implied that professionalism is not a question on porters.

Communication skill:

The other factor is communication and incidents, as per the Survey Data, 75% stated that there is an excellent communication with the setup crew members and there has not been a major problem or incident with any school events or programs so far. The researcher understands from the result that porters create a friendly environment and are good team players.

Delay on any major events of the school due to lack of skill or miscommunication

With regard to their skills, 76% agreed they are skillful, and no delay reported while only 3% thought the crew lacks skills and due to that, events were delayed leaving 21% unsure about it. We can conclude from this data that porters are willing to work in team, in time and in a skillful manner.

Table 12: Attitude of ICS staff towards outsourced employees (Overall)

Attitude of employees of the outsourced services	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
	f	%	f	%	f	%	f	%	f	%	
You and ICS community members are satisfied with the current outsourced services	0	0.0%	3	3.3%	9	9.8%	58	63.0%	22	23.9%	4.076
Janitorial, landscaping, setup crew and security services are committed to their duties and responsibilities	0	0.0%	0	0.0%	11	12.0%	59	64.1%	22	23.9%	4.120
ICS should outsource other non-core functions or activities of the school in addition to the services outsourced currently	17	18.5%	22	23.9%	31	33.7%	17	18.5%	5	5.4%	2.68

Source: Survey Data, 2021

Satisfaction of ICS community:

In relation to ICS community and participants satisfaction with the current outsourced services (janitorial, landscaping, security, and event setup) 87% revealed that they are satisfied while 3% did not have satisfaction with the services rendered by the outsourced service providers. This data can tell that most of ICS community are feeling positive about them.

Commitment of outsourced employees:

The finding reported that the majority (88%) of outsourced employees are committed to their duties and responsibilities while 12% do not show their stand on this factor. The finding indicated that they respect their work and are committed towards it.

Outsourcing other non-core functions:

24% respondents recommend ICS should outsource other non-core functions of the school while 42% disagree on this and the remaining 34% are indifferent. From this finding, the researcher is confused why most did not agree on this after they confirmed they are satisfied with their services.

Generally, the major gap that is observed from the survey and interview with the manager is that the security guards that work for ICS do not fulfill the listed skill and qualification in the SLA and the gap is high in their performance. In addition to the lack of skilled manpower, the tardiness rate is high, the main reason for this is because their employer does not provide their salary on time and there is always tardiness if not absenteeism.

Respondents claimed they are satisfied with the janitorial services and there is a little/ no theft and missing of items reported. The manager replied during the interview the staff are not comfortable seeing new faces almost weekly as there is a high turnover & less commitment by the outsourcing service provider but their availability any time their service is needed is highly appreciated.

The response of the participants shows that most of the services provided by the landscaper is very good and their professionalism is highly appreciated which made the compound look great. The only concern that was reported on the open-ended questions by some of the supervisors with regard to landscaping is, the owner is not flexible to go beyond when additional or special request is needed.

Majority of the respondents confirmed that set up service offered at ICS has been rated by most participants as best as the crew are presentable, their grooming is good and there is always a satisfactory service and incidents have not happened on major events of the school due to miscommunication. Also, this has been confirmed by the supervisors of the school during an interview.

Outsourcing, while generally can be cost effective and efficient for non-core functions, the school has realized it is highly dependent on the level of growth of the outsourcing market. Unfortunately, in Ethiopia, the outsourcing market does not seem to have developed properly. Many complain the industry is characterized by labor exploitation with very minimal compensation packages. This has negatively affected the morale of outsourced employees and hence the service. More is expected from regulatory bodies in terms of enhanced control on how outsourcing companies treat their employees and the general work environment.

4.8 Methods to overcome challenges observed after outsourcing non- core functions.

Table 13: Methods to overcome challenges observed after outsourcing non- core functions of the school.

Methods to overcome challenges	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Rank
	f	%	f	%	f	%	f	%	f	%		
Establishing strong controlling mechanisms	1	1.1%	3	3.3%	21	22.8%	45	48.9%	22	23.9%	3.913	4
Sharing values, goals and beliefs through formal & non-formal communication channels	0	0.0%	0	0.0%	8	8.7%	52	56.5%	32	34.8%	4.261	1
In-sourcing (having the service by own workers)	4	4.3%	29	31.5%	27	29.3%	20	21.7%	12	13.0%	3.076	6
Developing and implementing effective relationship management programs	0	0.0%	3	3.3%	10	10.9%	58	63.0%	21	22.8%	4.054	3

Outsourcing from another service provider	5	5.4%	36	39.1%	33	35.9%	13	14.1%	5	5.4%	2.750	7
Signing a well-articulated SLA & sharing to all concerned	2	2.2%	4	4.3%	20	21.7%	51	55.4%	15	16.3%	3.793	5
Providing appropriate training & incentives	0	0.0%	2	2.2%	11	12.0%	44	47.8%	35	38.0%	4.217	2

Source: Survey Data, 2021

Sharing values, beliefs, and goals

In order to overcome the challenges that faced during or after outsourcing, 91% of the respondents believe sharing values, beliefs, and goals through formal and non-formal communication channels is an ideal solution. This data can tell that there is a strong need of putting into the minds of the outsourced staff all the values, beliefs and goals of the school to avoid the challenges.

Providing appropriate training & incentives:

Providing appropriate training & incentives is the second method to overcome the challenges as suggested by 86% of the respondents with only 2% disagreement. This result implies that there is a need for trainings and incentives which will motivate those employees.

Implementing effective relationship management programs:

The third method that will help overcome the challenges is developing and implementing effective relationship management programs. 86% respondents supported this method. We can infer from the result that crafting such programs are expected of the school in tackling the challenges.

Establishing strong controlling mechanism:

73% respondents think establishing strong controlling mechanism is an ideal method while 4% is in contradiction with this solution leaving 23% with no stand. The data reveals that the school should adopt methods to monitor outsourced staff.

Signing a well-articulated SLA:

In relation to signing a new SLA, 72% revealed that it might help solve the challenges faced while 6% are against this method. The finding indicates that the school should work on designing a clear and incorporating agreements with the consultation of professionals if needed.

In-sourcing:

In addition, 35% of respondents believed insourcing is the best solution while 36% disagree on this leaving 29 % indifferent. Here, the researcher understands that the respondents feel the same with regard to the in-sourcing practice.

Outsourcing from another service provider:

Lastly, 19% of the respondents replied outsourcing from another service provider might help while 45% think otherwise. From the data obtained we can say that the school won't avoid the challenges by changing service providers.

During the interview, the school management stated that it has developed the following solutions to cope up with the existing challenges: The School has developed a regular training and familiarization program to cope with the high turnover of outsourced employees; unilateral measures to subsidize the condition of outsourced employees is also in place; it is also negotiating firm contractual terms and floating interim tenders when needed and last but not least there exists a constant dialogue and performance review with vendors.

4.9 Characteristics of respondents of the outsourced employees

Table 14: Profile of the respondents of the outsourced employees

Variables		No of employees	Percentage
Gender	Male	12	48%
	Female	13	52%
Age	Below 30	12	48%
	30-40	10	40%
	41-50	3	12%
	above 50	0	0%
Educational Level	1- 6 Grade	18	72%
	10/12 Grade complete	6	24%
	Certificate	1	4%
	Diploma	0	0%
Occupation	Janitor	17	68%
	Landscaper/Gardner	4	16%
	Security Guard	2	8%
	Setup crew/porter	2	8%

Source: Survey Data, 2021

Gender of the Respondents:

As can be seen from the above table, the participants are 48% male and 52% female, and this shows majority of the respondents are female.

Age of the Respondents:

The majority of their age category (48%) is below 30 years old, 40% are aged between 30-40 years, and 12% are between 41-50 years old.

Educational Background:

With regard to educational background, 72% learnt from 1st- 6th grade and they barely read and write. 24% had completed Gr10 or 12 and only 4% had a certificate.

Years of Experience at ICS:

Their years of service at ICS varies from months to years.

4.10 Attitude of employees of the outsourced services

Table 15: Attitude of employees of the outsourced services

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Your employer creates conducive working environment and provides the necessary material on time that helps to perform your job	46.15%	15.38%	7.69%	26.92%	3.85%	100.00%
Your employer regularly monitors your performance	3.85%	11.54%	15.38%	57.69%	11.54%	100.00%
You have good skill and experience to perform your current duties and responsibilities in the school	19.23%	26.92%	3.85%	34.62%	15.38%	100.00%
The amount of commission your employers collect from your monthly salary is fair	84.62%	3.85%	3.85%	3.85%	3.85%	100.00%
Your current salary is proportional to the duties and responsibilities that you perform at ICS	92.31%	3.85%	0.00%	3.85%	0.00%	100.00%
You have a good social relationship with ICS employees	15.38%	42.31%	3.85%	34.62%	3.85%	100.00%
You have a formal regular meeting with your employer to discuss problems faced in your job	84.62%	11.54%	0.00%	3.85%	0.00%	100.00%

ICS community members are satisfied with the service you provide	7.69%	0.00%	23.08%	61.54%	7.69%	100.00%
Your job security is secured	3.85%	42.31%	11.54%	26.92%	15.38%	100.00%
There is a good relationship between ICS and your employer	0.00%	19.23%	34.62%	46.15%	0.00%	100.00%

Source: Survey Data, 2021

Creating conducive working environment and providing the necessary material:

Table 11 above shows that 62% replied the service provider did not create a conducive working environment and did not provides the necessary material on time in order to facilitate their job properly.

Monitoring performance:

In relation to their performance, 69% confirmed that their employer regularly monitors their performance.

Good skill and experience

In relation to skill, 50% of the respondents confirmed that they have good skill and experience to perform their duties and responsibilities. From the open-ended questions, few of the outsourced employees confirmed that they did not take a training from their employer, and they would like to have basic foundation skills on use of equipment, safety and other types.

Amount of commission:

As we observe from table 11, most of the respondents (88%) confirm that the amount of commission that the service provider collect from their monthly salary was not fair.

Fairness of current salary:

On top of this 96% of the informants argued that their current salary is not proportional to their duties and responsibilities, to the contrary 4% of them agreed that their salary is okay with what they work here at school. In relation to their salary, most of ICS employees and manager of the outsourced services, agreed that the salary and the compensation outsourced staff get is very low and they do not get any compensation from the school while the school provides different kinds of incentives for his permeant employees during holidays and other occasions, that brings a higher

disappointment and loss of morale which results in high turnover rate, which is a threat for the community.

Relationship with ICS employees:

With regard to social interaction, 38% of the respondents reported they have good social relationship with the employees of ICS while 58% thought they do not have a good relationship with the staff, and they do not feel they belong to the community.

Formal regular meeting:

Moreover, the informants (96%) assured that there was no a regular discussion program with their employer about the service they provide to ICS. As per the interview with the manager of the service providers, they confirmed that, when they get interviewed and introduced to the job, they consider that as a discussion program.

ICS Employees satisfaction:

Regarding how ICS employees are satisfied with employees of the service provider, 69% participants replied that ICS is satisfied with their service while 8% agreed that ICS is not satisfied.

Job Security:

Regarding job security, 46% agreed that they do not have a job security while 42% opposes this idea and confirmed that their job is secured.

Also, from the data collected from the open-ended questions, almost all of the employees of the outsourced company revealed that they do not belong as employees of the service provider as they are not allowed to be absent from work even though they are sick. If they are sick, they are required to bring a medical certificate from authorized government hospital or health station only. No other private clinic certification is considered as valid. If family members like their children, spouse or parents get sick or have accident, there will be salary deduction and warning as well. No one can attend any social event and use their annual leave as per the need of the employee. Annual leave can be taken with the discretion of the employer.

In addition, during the interview, the administration of outsourcing service office confirmed that their employment is temporary and contractual, this creates job insecurity.

These created a highest dissatisfaction & disappointment on the employees and thus negative performance of their service as well as organizational performance. As (Punia & Sharma, 2008). put it on their study “Outsourcing does not have a positive effect on employee commitment and results in the lack of a sense of belonging and connection with the organization.” This research reveals that in any organization, job security and long-term care offered to their employees makes them loyal towards the organization and also ensures retaining of employees in a that particular organization. Additionally, organizational commitment tends to enhance when there are caring environment and occupational therapy at workplace (Haque & Aston, 2016).

Relationship between ICS and Service providers:

Regarding the relationship between the service provider and ICS, 46% agreed that there is a good relationship. This shows that organizational culture becomes the base for influencing employee attitude, since it reflects on their work environment and their performances (Faizan & Zehra, 2016).

After interviewing the manager of the outsourcing administration and most employees of ICS revealed that there is a lack of skilled manpower to perform their job well though ICS still trains the staff. Some supervisors indicated that almost all janitorial, setup, landscaping, and security personnel do not think they need skills to perform their job.

To summarize, the data indicates that employees of outsourced service provider did not get a training from their employer and there is a lack of skill in performing their daily duty while there is a high dissatisfaction because of poor compensation / remuneration and employer rule with regard to sickness, salary deduction, use of annual leave and job security is in question. Almost all revealed that the commission their employer collects, and their monthly salary is way different, and the gap is high. This creates poor service, lack of trust and not feeling of belongingness which in turn affected the performance of their service.

CHAPTER FIVE

5 Findings, conclusions, and Recommendations

The researcher summarizes and concludes the major findings obtained from the collected data and provide some recommendations to the school so that the existing problems to be alleviated and look other ways to make the current practice better.

5.1 Findings

- The major reason why the International Community School of Addis Ababa decided to outsource its non-core functions i.e Janitorial, Landscaping, Setup and Security services of the school to service providers is to allocate its resources & direct its administrative effort on its core function of business, to be more productive and cost efficient, to enhance its flexibility, to transfer risk to the vendor, to get external expertise and to have access to new technology to support its current growth and expansion of the school. Among the listed reasons, according to the manager of outsourced service administrative office and the majority of respondents, focusing on its core functions, which is providing quality education to its students, and cost reduction are the primary drivers to decide on the four services to be delivered by the respective external service providers.
- As per the feedback, majority of the respondents confirm that after the school outsourced its cleaning, setup, landscaping and security services to external service providers, the school enjoyed three basic benefits. It helped the school to focus on its core function of the business, which is to deliver quality education to its students, it saves management time and money through reduced the need for day-to-day activities of the non-core function of the business and it supports current fast growth and expansion of the school.
- The top three challenges the school faced as per the informants and administration response is miscommunication due to language barrier, potential threat to the ICS community on safety and security especially with regard to child protection policy that the school established recently. Also, some confidential issues of the school are also vulnerable, and it is a concern to the community. The third one is poor and inconsistent service quality. It is also reported that there is high turnover of outsourced employees mainly driven by volatile labor market conditions. Moreover, the administration office stressed that due to inflation and unpredictable labor law, the school financial conditions is also affected. In contrary, although the school pays

higher rate for the service providers for their contracts, almost 96% of all the outsourced employees revealed that their salary is very low. In addition, they do not feel secured because their contract is temporary, there are salary deductions & warning for being late or absent, they are not allowed to use annual leaves as per their need.

Though the school is working hard to alleviate the major gaps between ICS employees and outsourced employees through providing cleaning utilities such as soap, tissue paper and inviting them to a dinner on the parties & get togethers, the turnover and a high morale loss and lack of belongingness with the community still exists.

- The research also revealed that more than 91% believed sharing values, beliefs and goals of the school will be an important method to overcome the challenges observed in the outsourcing relationships with the vendors. Providing appropriate trainings and incentives will also work as per the feedback from the respondents.
- Based on the feedbacks that were offered by ICS employees with regard to janitorial service, 77% agreed that janitors do their work without affecting office hours and are punctual. Majority of the respondents also agreed that they are always available when service is needed. the theft has been raised since ICS outsourced its cleaning service.
- For ICS, security service is a very critical service as it hosts students and teachers who come from different nationalities and that is why it does not outsource the entire department. ICS outsourced only 10 employees and the remaining 39 are permanent employees. The main reason why ICS outsourced its part of security and safety services is in order to provide a flexible schedule to its permanent staff, to go to evening schools and to use their annual leave up on their requests. ICS usually assigns the outsourced security members in the evening schedule which is not a pick hour for its activities and almost no one will be on campus which will lessen the threats to potential bad incidents. Although most of the respondents (64%) were not sure if internal theft has been decreased after outsourcing part of security services, 26% revealed that theft has been increased which is a huge percentage as per the researcher's opinion that needs to be worked on somehow. ICS community members also does not feel secure and comfortable while they were on campus in the evenings. In addition, the manager of safety and security personnel at ICS confirmed that there is a high tardiness and absenteeism rate since their employer does not pay their monthly wages on time.

- Landscaping services offered at ICS by Bora Garden Plc found to be the second effective service next to Set up services. ICS employees (78%) agreed that the timing on use of manures and fertilizers is after school hours. There has been a great satisfaction of employees with regard to keeping the compound green and beautiful. 53% appreciated their professionalism of the landscaping service at ICS.
- As per the feedback of employees, (77%) stressed that the setup crew are well trained and professional having excellent communication among the members with 0% delay on any major events of the school. The study depicted that “Setup/Porter”, the service ICS outsourced from SBACO, can be considered successful as compared to the other three services.
- Outsourced service employees (janitors, setup crew, landscapers, and security guards) are dissatisfied with their salaries and benefits received from their employer and as they are temporary employee, they have a fear of job loss. On top of this majority of them (96%) assured that there was not a regular discussion program with their employer about their own problems (i.e late monthly salary pay, insurance, use of annual leave, absenteeism, low salary, and other incentives...), Thus, employees of the service providers working in ICS lack commitment and belongingness towards their job. For open ended question, most of the outsourced employees reveals that their major problem was low salary and unable to gain other benefits. As they expressed, even though the school allocates good salary per individual and make payment for the service providers, their employer collects high amount of commission from their monthly salary which puts them in apposition to get paid less amount.

5.2 Conclusions

The aim of this study was to assess the challenges and benefits of outsourcing practice in the International Community School of Addis Ababa. In this regard, the researcher tried to address the research theme by identifying the reasons for outsourcing the services, benefits gained after outsourcing, challenges faced due to the outsourced services, employees’ attitude towards the level of outsourced services and the type of service which is procured successful. Finally based on the findings the researcher offered the possible solutions that help to overcome the existing problems and maximize the benefits of outsourcing.

The initial step of outsourcing is to determine the primary reasons for outsourcing a particular service (Choi, 2008). (Buelen, Ribbers, & Roots, 2006) claim that whether in a specific

organization's situation to be outsourced or not depends on a number of internal and external factors: the extent to which the activity belongs to the core of the organization, the existing market for the service to be produced, the capacity of outsider provider, the increasing transaction cost etc. In earlier periods, cost or headcount reduction was the most common reasons to outsource. Over a time, the reason for outsourcing shifted to improve the services delivered by the company, focus on core function, to create business strategy with other company etc.

Likewise, allocating its resources and direct administrative effort on its core business and critical areas and saving management time were the main benefits the school gets from outsourcing services to another parties. As per the findings in connection with this, the school was also able to be on a fast growth situation partly because of the contribution of the outsourced services.

The top three reasons behind ICS Addis' decision to outsource its non-core functions to the service providers are the following: Focusing on core competency of the school, Cost reduction and enhancing service flexibility.

However, the school also faced with different problems or challenges such as inconsistent service quality, inability to measuring the service quality, unethical behavior of the employees, loss of direct control over the outsourced services, more vulnerability with regard to safety of the community, lack of competent service providers in the market, less skilled and motivated employees hired by the service provider.

The research finding also revealed that by sharing the values, beliefs and goals of the school and by providing appropriate training and incentives plus developing and implementing effective relationship management programs to the outsourced employees will assist in overcoming the challenges mentioned above.

With regards to whether outsourcing advantages outweigh the disadvantages, it can be concluded that what determines whether an outsourcing venture will be successful or not is how the following factors will play out when outsourcing takes place. These factors are the business environment, commitment and competence of an outsourcing vendor, risks encountered, the function or task being outsourced and company policy.

Thus, ICS employees have a positive attitude towards outsourced services delivered by the service providers as can be witnessed by more than 86% of the respondents in the research.

Hence the school should maintain these services with putting the below researcher's recommendations in mind.

5.3 Recommendations

The International Community School come across benefits and some drawbacks with regard to the outsourced services provided by external service providers. In order to alleviate the existing problem, the researcher recommends the following based on the findings of the study and literature reviews:

The following are the basic recommendations of the researcher:

- The school needs to share with outsourced employees its values, beliefs, and goals through both formal and non-formal communication channels. This can be achieved by giving due emphasis on creating belongingness and minimize the loss of moral of the employees. This gap can be filled by hosting and arranging different kinds of social events.
- The school should work on employees' skill through providing appropriate trainings and incentives. It should support and train outsourced employees and align their knowledge with the rules and expectations of ICS.
- In order to increase their commitment, ICS should develop and implement effective relationship management programs. It can consider lunch feeding programs for all the employees of the outsourced service providers as this will create a higher satisfaction and low rate of turnover which in fact supports the school.
- Also, the school should need to arrange quarterly meetings with the employees of the outsourced service providers and discuss their concern and address the issues with the service providers so that there is a better service.
- The school need to revise the service level agreement/SLA and properly define and set the minimum salary scale, educational level, experience of the employees who will be hired at the school. The school should also incorporate in the SLA the use of annual leave, social commitments, minimum wage scale and other incentives that will create a better satisfaction for the employees which will have a great impact on the performance of the school.

- As per the current SLA, the school pays the service provider a reasonable fare for the service they provide, while the service provider, collects high amount of commission from their monthly salary. This affects employees moral and motivation towards their service. Therefore, the school should need to revise the SLA as per the recommendation.
- The SLA has to be revised and checked at a certain time interval and need to reflect and be transparent to both parties (service provider and client). When revising the SLA, legal teams would need to be heavily involved. It would be wise for a management committee or board of directors as well as experts to be present during meetings. Contracts need to be narrated in depth. Every company is unique, and contracts may need to be tuned to fit the company who is hiring them. Contracts can be long in duration of years, so it is wise to have a good base before committing to deal with that has a heavy financial impact.

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7 Appendices

7.1 APPENDIX 1: Questionnaire filled by ICS Employees.

Saint Mary's University
School of Graduate Studies
Questionnaire filled by ICS Employees.

Dear Respondent,

I would like to extend my heartfelt gratitude for your time and willingness to participate and provide a valuable information in this questionnaire. The questionnaire is designed to get an appropriate information on “Challenges and Benefits of Outsourcing Practice in International Community School of Addis Ababa.”

The main purpose of this study is for partial fulfillment of the requirements of Degree Program on Master of Business Administration at St. Mary's University. Your participation is anonymous, and it only be used for academic purpose.

Thank you in advance for your participation and sincere feedback!

Instruction:

- ✓ Please do not write your name.
- ✓ For close ended questions put” ✓” mark and for open ended questions, write your response in the space provided below.

Part I: Respondent Profile

1. **Gender:** Male Female
2. **Age (Years):** Below 30 30-40 41-50 Above 50
3. **Educational Level:** HS Complete Diploma First Degree Above First Degree
4. **Years of Service at ICS (years):** Below 5 years 5-10 years 10-15 years
Above 15 years

Part II. Questions related to Outsourcing Practice.

Please read the statements and put “√” mark in the corresponding columns for questions 5 to 10 to show the extent of your agreement as indicated below:

Note: 5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

5. Major reasons/motives for outsourcing Janitorial, Landscaping, Setup and Security & Safety Services.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

#	Factors deriving ICS towards outsourcing	5	4	3	2	1
1	Cost reduction					
2	Focusing on core competency					
3	Enhancing flexibility					
4	Accessing new technology					
5	Transferring risk to the vendor					
6	Seeking for external expertise/skill					

6. Non-core business functions that have been successfully outsourced by ICS.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

A	In relation to Janitorial Services	5	4	3	2	1
1	Outsourcing of janitorial services saves money					
2	Outsourcing of janitorial services allow to focus on core business functions					
3	Outsourcing of janitorial services enhance flexibility					
4	Outsourcing of janitorial services acquire innovative ideas/new technology					
5	Outsourcing of janitorial services reduces risks					
6	Outsourcing of janitorial services overcome lack of in-house expertise					

B	In relation to Landscaping Services	5	4	3	2	1
1	Outsourcing of landscaping services saves money					
2	Outsourcing of landscaping services allow to focus on core business functions					
3	Outsourcing of landscaping services enhance flexibility					
4	Outsourcing of landscaping services acquire innovative ideas/new technology					
5	Outsourcing of landscaping services reduces risks					
6	Outsourcing of landscaping services overcome lack of in-house expertise					

C	In relation to Setup Services	5	4	3	2	1
1	Outsourcing of setup services saves money					
2	Outsourcing of setup services allow to focus on core business functions					
3	Outsourcing of setup services enhance flexibility					
4	Outsourcing of setup services acquire innovative ideas/new technology					
5	Outsourcing of setup services reduces risks					
6	Outsourcing of setup services overcome lack of in-house expertise					

D	In relation to Security & Safety Services	5	4	3	2	1
1	Outsourcing of security & Safety services saves money					
2	Outsourcing of security & Safety services allow to focus on core business functions					
3	Outsourcing of security & Safety services enhance flexibility					
4	Outsourcing of security & Safety services acquire innovative ideas/new technology					
5	Outsourcing of security & Safety services reduces risks					
6	Outsourcing of security & Safety services overcome lack of in-house expertise					

7. Benefits of outsourcing Janitorial, Landscaping, Setup and Security & Safety Services.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

#	Benefits gained after outsourcing services	5	4	3	2	1
1	The quality of service has been improved					
2	It helps the school to give more focus to its core functions/activities					
3	Flexibility of the service is improved					
4	It assisted the current fast growth situation of the school					
5	It helps the school to access new skills not available internally					
6	Outsourcing saves management time and money through reduced the need to control day to day operations of the noncore function or activities					
7	The service provider manages its services better than the school manages it before outsourcing					

8. Challenges observed after outsourcing Janitorial, Landscaping, Setup and Security & Safety Services.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

#	Challenges faced after outsourcing services	5	4	3	2	1
1	Lack of direct control of the day-to-day activities and performance of services					
2	Threat to security and confidentiality					
3	Inconsistent service quality					
4	Unethical behavior of janitors, setup crew, gardeners, and security guard					
5	Increasing cost of the outsourced services through time more than expected					
6	Unable to work as per the SLA (Service Level Agreement)					
7	Language & Communication barrier					

9. Methods to overcome challenges observed after outsourcing Janitorial, Landscaping, Setup and Security & Safety Services.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

#	Overcoming challenges of outsourcing	5	4	3	2	1
1	Establishing strong controlling mechanisms					
2	Sharing values, beliefs, and goals through formal and non-formal communication channels					
3	In-sourcing (having the service by own workers)					
4	Developing and implementing effective relationship management programs					
5	Outsourcing from another service provider					
6	Signing a well-articulated SLA (Service Level Agreements) & sharing to all concerned					
7	Providing appropriate training & incentives					

10. ICS Employees’ attitude towards the outsourced Janitorial, Landscaping, Setup and Security & Safety Services.

Please read the statement and put “√” mark in the corresponding column (i.e. 5=strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly Disagree)

#	Employees’ attitude for outsourcing services	5	4	3	2	1
1	ICS community members feel more secured and comfortable with the security services delivered by the outsourced company					
2	Internal theft has been decreased since ICS outsourced some part of its security and safety team					
3	Cleaning service is delivered on time without affecting office hours					
4	Janitors are skilled and use appropriate cleaning materials					
5	Janitors are well professional and there is little, or no theft or item lost reported					
6	Janitors are available at any time in the office if their service is needed					

7	After ICS outsourced its landscaping services, the compound has been more beautiful, green and the service exceeded as compared to the service before that					
8	Landscaping service (i.e composing, manuring, digging...) is delivered after office hours without affecting the ICS community members					
9	Gardeners are skilled and use appropriate equipment's for the compound					
10	Gardeners of the school are well trained and know their jobs as well as they perform tasks according to expectations of ICS					
11	Gardeners are well professional and there is little, or no theft or item lost reported at ICS premises					
12	Gardeners of the school are well aware of the ICS rules and regulations and follow the ICS way					
13	Setup/porter service providers of the school are well trained and professional					
14	Setup/ Porter are presentable and well groomed					
15	Setup/porters are well professional and there is little, or no theft or item lost reported at ICS premises					
16	There is an excellent communication among the members and there has not been major problem in regard to setup or moving					
17	There has not been a delay on any major events of the school due to the porter/setup lack of skill or miscommunication					
18	You and ICS community members are satisfied with the current janitorial, landscaping, setup crew, and security services offered by the service provider					
19	Janitorial, landscaping, setup crew and security services are committed to their duties and responsibilities					
20	ICS should outsource other non-core functions or activities of the school in addition to the services outsourced currently					

Part III. Open ended Questions related to Outsourcing Practice.

1. What other problems did you observe in?

Janitorial Service:

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Security and Safety service:

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Setup Crew Service:

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Landscaping Service:

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2. What measures should be taken to solve the problems you observed and mentioned above?

Janitorial Service:

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Security and Safety service:

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Setup Crew Service:

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Landscaping Service:

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7.2 APPENDIX 2: Questionnaire filled by Outsourced Employees.

Saint Mary's University
School of Graduate Studies

Questionnaire to be filled by Janitors, Landscapers, Porter/Setup and Security Guards

Dear Respondent,

I would like to extend my heartfelt gratitude for your time and willingness to participate and provide a valuable information in this questionnaire. The questionnaire is designed to get an appropriate information on “Challenges and Benefits of Outsourcing Practice in International Community School of Addis Ababa.”

The main purpose of this study is for partial fulfillment of the requirements of Degree Program on Master of Business Administration at St. Mary's University. Your participation is anonymous, and it only be used for academic purpose.

Thank you in advance for your participation and sincere feedback!

Instruction:

- ✓ Please do not write your name.
- ✓ For close ended questions put” √” mark and for open ended questions, write your response in the space provided below.

Part I: Respondent Profile

1. **Gender:** Male Female
2. **Age (Years):** Below 30 30-40 41- 50 above 50
3. **Educational Level:** 6 Grade complete 10/12 Grade complete Certificate Diploma
4. **Occupation:** Janitor Landscaper Security Guard Setup crew/Porter
5. **Years of service at ICS (Years):** Below 5 years 5-10 10-15 Above 15

Part II. Questions related to Outsourcing Practice.

Please read the statements and put” √” mark in the corresponding columns for question No 6 to show the extent of your agreement as indicated below:

Note: 5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

6. Questions related to the attitude of employees of the outsourced services.

No	Employees' attitude for outsourcing services	5	4	3	2	1
1	Your employer created a conducive working environment and provides the necessary material on time that helps to perform your job.					
2	The service provider (employer) regularly monitors your performance					
3	You have good skill and experience to perform your current duties and responsibilities in the school.					
4	The amount of commission your employers collect from your monthly salary is fair.					
5	Your current salary is proportional to the duties and responsibilities that you perform at ICS					
6	You have a good social relationship with ICS employees					
7	You have a formal regular meeting with your employer to discuss problems faced in your job.					
8	ICS community members are satisfied with the service you provide.					
9	Your job security is ensured.					
10	There is a good relationship between ICS and your employer					

7. Did you take any training related to your job that helps you perform better?

Yes No

8. If your answer is NO to question no. "7", do you need a training that is related to your current job?

Yes No

9. If you say NO to question no. "8", why?

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10. What problems did you observe in your job?

a) From your employer side:

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b) From your side:

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c) From ICS side:

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11. What measures should be taken to solve the problems you mentioned above?

a) From your employer side:

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b) From your side:

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c) From ICS side:

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7.3 APPENDIX 3: Interview Questions for Managers & supervisors

Saint Mary's University

School of Graduate Studies

Interview Questions answered by Managers and Supervisors of the Outsourcing Administration

- 1) What are the drivers/reasons that encourage your organization to outsource?
- 2) What benefits the school has achieved by outsourcing the four non- core functions?
- 3) Do you think that the janitorial, landscaping, porter/setup and security service qualities are improved after outsourcing? how?
- 4) What are the major challenges the school faced in relation to outsourcing? Such as:
 - Deciding what to outsource -Vender selection.
 - Change management - Managing the process/Relationship, or
 - Defining SLA - Any other
 - Service provider does not perform as per SLA
 - Cost increment more than your expectation
- 5) What new problems emerged due to outsourcing?
- 6) What are the causes of the problems encountered in your organization?
- 7) What type of measure did your organization take to solve problems that faced during or after outsourcing? (If any)
- 8) How your organization monitors or controls the quality of the outsourced services and evaluate the performance of service provider?
- 9) How do you rate the service quality of outsourced functions as compared with the previous one?
- 10) Do you think that the service quality and performance of the service provider result in service level agreement? If not, what is/are the reason/s?
- 11) Is there any formal channel of communication with the service provider to discuss the performance and service quality? How often?
- 12) Which non-core business functions have been successfully outsourced by ICS Addis?
- 13) Why is it difficult for ICS Addis to outsource its core business function?
- 14) Is your organization planning to outsource any other activities in the future?
- 15) Would you like to add anything related to the topic that I didn't cover in my questions?

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Yibeltal Nigussie. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

Fischa Menberu

Name

Signature

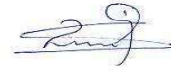
St. Mary's University, Addis Ababa

June 2021

ENDORSEMENT

This thesis, titled, “Assessment on Benefits and Challenges of Outsourcing Practices - The case of International Community School of Addis Ababa” has been submitted to St. Mary’s University, School of Graduate Studies for examination with my approval as a university advisor.

Yibeltal Nigussie (Assistant Professor)
Advisor



Signature

St. Mary’s University, Addis Ababa

June 2021