

**BUSINESS IMPROVEMENT MOTIVE OF HUMAN RESOURCE OUTSOURCING
AND PERFORMANCE OUTCOMES AMONG MOBILE TELECOMMUNICATION
FIRMS IN KENYA**

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ABSTRACT

Background: Re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. Such change is possible only through innovation that encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human and organizational dimensions.

Purpose: This paper evaluated the effect of business improvement motive of human resource outsourcing on performance outcomes among mobile telecommunication firms in Kenya.

Methodology: A descriptive survey design of cross-sectional nature of three mobile telecommunication firms was conducted. The target population was all three hundred and twelve (312) managers in three mobile telecommunication firms operating in Kenya. Data was analyzed using descriptive statistics, correlation analysis and logistic regression analysis aided by Statistical Package for Social Sciences (SPSS).

Results: The study found a positive and significant association between business improvement motive of human resource outsourcing and performance outcomes.

Conclusion: The study concludes that business improvement motive of human resource outsourcing affects performance outcomes.

Policy implication: The study recommends for the mobile telecommunication companies to practice human resource outsourcing for business improvement motive because it has been found to have a significant and positive relationship with performance outcomes.

Key words: *business improvement motive, Human resource outsourcing, performance outcomes, mobile telecommunication firms, Kenya*

1.1 INTRODUCTION

Today's increasingly competitive and rapidly changing global market demands that a company concentrates on improving productivity while cutting down costs. Businesses have tried total quality management, business process reengineering, rightsizing, downsizing, restructuring and other approaches to meet or exceed the companies' goals. While improvements can be made in operations and processes, significant resources are still focused on non-core activities. Organizations with different strategies are frequently the innovators and creators of change in their industry.

They possess flexibility and react rapidly to changes. For these organizations, maximizing flexibility and creativity, in addition to focusing on strategic practices, are paramount rather than monitoring the day-to-day operations (Sanchez *et al.*, 2007). The existing workforce in the organization may not quickly possess the adequate skills and abilities to meet the demands of the new market. Besides, the internal employees may be insufficient to satisfy the changing demand of the organizations. The ability to analyze and anticipate strategic business plans and the role of HR department is critical in today's customer driven market place.

Globalization, competitive markets and mergers and acquisitions are the primary stimuli for BPO. Organizations need to make investments in markets, competition, government regulations, financial conditions and technologies, which are not only costly, but also risky (Beregszaszi & Hack-Polay, 2012). Vendor companies make such investments on behalf of many clients significantly reducing risk borne by one organization. The organizations need to concentrate on their core activities and outsource all the peripheral activities. This leads to lean business structures, and ultimately improvement in bottom line and good corporate performance.

The significant objectives of this initiative are to improve operating performance; obtain expertise, skills and technologies; improve management and control; improve risk management; acquire innovative ideas; improve credibility and image by associating with superior providers. Performance measures of productivity, quality, timeliness, cycle time, utilization, etc. can be targeted for improvement (Ghodeswar & Vaidyanathan, 2008). Outsourcing works best when it is an outgrowth of reengineering. Re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. Such change is possible only through innovation that encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions.

Failure of the outsourcing relationship is attributed to HR executives assumption that they can take a particular function off their "to do" list. Internally, people need to be put in place to manage the provider and to steer the company through the necessary change management processes (Mahmud *et al.*, 2012). This often means re-skilling people so that they have an understanding of outsourcing strategies, a sophisticated understanding of technology, and the business skills necessary to manage relationships. Being a buyer of services is a vastly different role than being a manager of staff. It takes time for employees to fit into their new roles and they need help adapting to new responsibilities (Hindle, 2005).

There has been failure to equip in-house HR teams with the capacity needed to deliver a business partner role to ensure outsource-enabled transformation is achieved. In many cases there is limited capacity within the business to step up to this new challenge requiring a replenishment of

skills from outside. It is particularly critical for success that HR business partners create and sustain the right conditions within the business for a different service –delivery model to be successful (Andrews, 2004). Although at first the role of the retained HR professional seems more hands off, they still need to know how to access and use employee information and data that the outsourcer holds otherwise they will not be able to make informed people-related decisions. Educating the entire workforce about the new outsourcing arrangement is key to success.

It was often difficult to reassign the HR staff that remained within the organization to higher value-added work. De-skilling, job-enlargement, new skill shortages and the disappearance of expertise presented problems that could only be resolved by increasing the HR budget (Woodall *et al.*, 2009). In-house HR teams lack the capacity needed to deliver a business partner role to ensure outsource- enabled transformation is achieved. Apparently the effects of outsourcing on an organization's cost are not yet fully understood and perhaps the variables and their relationships are more complex than expected (Kremic *et al.*, 2006). The study therefore seeks to know whether there is any relationship between business improvement motive of human resource outsourcing and performance outcome.

1.2 Statement of the Problem

The accelerating global competitive pressures have forced telecommunication firms in Kenya to seek ways to enable them concentrate on their core competences and utilize outsourcing to capitalize on others' expertise. However what constitutes core activities and competencies is not static. Mobile telecommunication firms in Kenya are constantly seeking to grow, remain competitive and meet changing business conditions. Organizations constantly reassess what constitute the core and non- core aspects of their business and readjust the way these activities can be sourced either in-house or externally.

Businesses have tried total quality management, business process reengineering, rightsizing, downsizing, restructuring and other approaches to meet or exceed the companies' goals. While improvements can be made in operations and processes, significant resources are still focused on non-core activities. Organizations with different strategies are frequently the innovators and creators of change in their industry. This paper evaluated the effect of business improvement motive of human resource outsourcing on performance outcomes among mobile telecommunication firms in Kenya.

1.3 Objectives of the Study

To evaluate the effect of business improvement motive of human resource outsourcing on performance outcomes among mobile telecommunication firms in Kenya.

1.4 Research Hypothesis

Business improvement motive of human resource outsourcing has no significant influence on performance outcomes among mobile telecommunication firms in Kenya.

2.1 LITERATURE REVIEW

2.2 Theoretical Review

The paper was guided by Goal setting theory. Goal-setting theory by Latham (2001) is particularly well-suited to this study as it connects the setting of a goal with specific performance outcomes. The core premises of goal-setting theory are that setting specific goals will lead to higher performance than setting none, and that given commitment, performance will rise with goal difficulty. Brewer *et al.* (2012) argue that the act of consciously and strategically considering the reasons to outsource an activity should enhance the likelihood of a successful outsourcing performance outcome. The set goal receives a high level of commitment and performance outcomes are realized at higher rates. When mobile telecommunication firms set clear goals within these drivers during their outsourcing ventures, they are more likely to achieve them.

2.3 Conceptual Framework

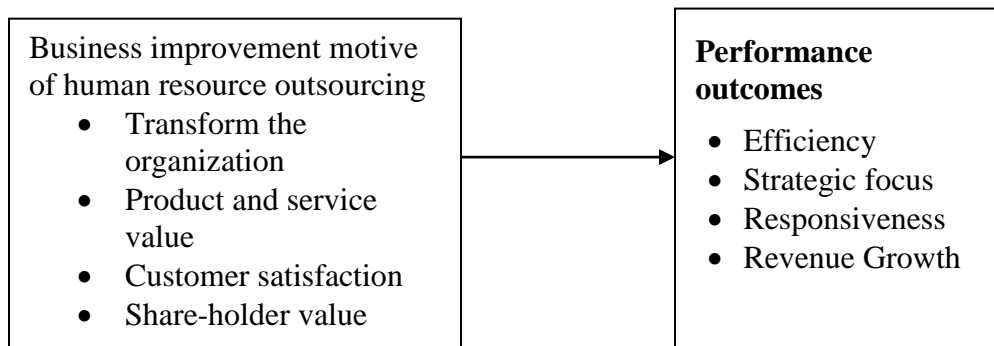


Figure 1: Conceptual framework

2.4 Empirical Literature Review

A study by Irene *et al.* (2011) concluded that the quality of externally provided HR services is indeed higher than that of in-house provided services. Mahmud *et al.*, (2012) also found that managers are very satisfied by the change in service quality that is brought in by outsourcing some HR functions, the impact of outsourcing on creating standardized practices and cost reduction but are not satisfied with ability to manage good outsourcing vendor relationship and organizations effectiveness in terms of human resource management.

Studies by Sanchez *et al.* (2007) on the impact of workplace flexibility on managers' perceptions of firm performance found a positive impact of outsourcing on sub-factors of firm performance for peripheral activities and negative impact for core activities. Outsourcing non-core activities improves service quality because the area constitutes the vendors core business (Gilley & Rasheed, 2000). The improved capabilities of the supplier are the result of large investments in technology, methodology and human resources made over time. These capabilities include specialized knowledge in the industry obtained by working with many customers. The

knowledge of the vendor can be transferred to the outsourcing firm, satisfying customer requirements with their skills, processes or technology thus enhancing service quality and the perception of that service than when performed in-house (Espino- Rodríguez & Gil-Padilla, 2005). Moreover, with outsourcing, the organization spends more time on its other remaining services, and the quality of the services performed increases. Elmuti's (2003) study provided support for empirical evidence of an outsourcing-quality relationship. He found that outsourcing accounted for about 31 per cent of the variance in quality.

In their study of why companies did not engage with HR outsourcing at all, Abdul-Halim and Che-Ha, (2010) found that most of them claimed HR outsourcing was not appropriate for their business operations. The nature of the culture, values and norms practiced by the companies made them very difficult for external vendors to grasp. Some companies believed that the cost of engaging external vendors is higher than the cost of performing the functions in house. They were also concerned with the confidentiality of data fearing that their data might be manipulated or misused by external providers.

The strategic orientation of the organization can play an important role in the decision to outsource because strategic orientation plays a positive role in the general business performance. Organizations utilize diverse alternatives in an attempt to adjust to the rapidly changing external environment, outperform competitors and achieve strategic objectives. Outsourcing has been part of the market by which organizations divest the management of some activities to external partners in order to focus on core activities immediately connected with the strategic objectives (Beregszaszi & Hack-Polay, 2012).

Irene *et al.* (2011) found that the quality of externally provided HR services is indeed higher than that of in-house provided services leading to higher net earnings for the firms buying the service. This corresponds to the fact that many firms, users and intentional non-users of HR outsourcing actually expected the quality of externally provided HR services to be higher than that of internally provided services regarding overall service quality as well as many of its sub-dimensions; moreover, in retrospect, users of HR outsourcing reported that the positive quality differential had indeed met their *ex ante* expectations.

According to Davidson (2005), a company outsourcing HR capabilities will generally experience a dramatic improvement in the service it provides to employees as a result of customized and accessible information, more responsive customer-care centers, or greater self-service capabilities. Gilley, Charles and Abdul (2004) analyzed relationships between HR outsourcing and organizational performance in manufacturing companies and found that outsourcing of certain HR activities has a positive impact on overall innovation within the company.

Zacharia, Sanders, and Nix (2011) argue that the additional areas of enhanced performance sought through outsourcing include improved delivery metrics, increased learning and acquiring of new skills, improved innovation, and increased access to international markets and materials. Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers. Organizations consider outsourcing nearly all the services they need printing, legal services, accounting and book-keeping, telecommunications, vehicle maintenance, security, payroll, recruitment and many

others, thus restricting their own employees to the core functions that define the organization's business.

According to Abdul Halim, Ahmad and Ramayan (2012), the decision to outsource has become more popular because organizations need diverse and high quality products and services to survive and excel in today's dynamic environment. The process of innovation is influenced by the cognitive mechanisms through which people acquire, store, transform and use information. Cognitive properties of top managers affect how strategic issues are identified and interpreted. Managers operating in complex, dynamic environments develop knowledge structures that help them focus their attention, interpretation, and actions. Their shared beliefs about global competition, firm's global strategic posture, customers, and desirable changes to strategy can go a long way in influencing firm performance (Yang, 2011).

On the contrary Khatri and Budhwar (2002) found that companies are constrained from outsourcing HR because of the poor quality of service and competency levels of consultants. Several arguments emphasize the quality of the service provided by the external vendor as of being unsatisfactory. Cooke *et al.* (2005) propose that this stems from the disrupted service continuity and as a result the service delivered falls short of the quality promised or expected. Greer *et al.* (1999) attribute this to the primary interest in cost savings which results in the lower quality service.

About one-third of HR professionals resist outsourcing because they risk losing their jobs, may be forced to work for a vendor, and fear that management believes that outsiders are more competent. Once rumours of outsourcing arrangements are started, HR managers can expect talented employees to start job searches and all employees to suffer anxiety resulting in lost production (Belcourt, 2006). Outsourcing may lead to a perceived alteration of the psychological contract, potentially leading to negative organizational outcomes such as perceived betrayal, job insecurity, depression and low self-esteem. Outsourcing may result in low morale, high absenteeism, lower productivity, etc. The social costs of outsourcing may be difficult to quantify but they can be significant. Further the social costs are not necessarily limited to the organization but the education and skill level of a whole class of workers may be declining because contractors are less willing to pay for employee education and development (Cicek & Ozer, 2011.)

Failure of the outsourcing relationship is attributed to HR executives assumption that they can take a particular function off their "to do" list. Internally, people need to be put in place to manage the provider and to steer the company through the necessary change management processes. This often means re-skilling people so that they have an understanding of outsourcing strategies, a sophisticated understanding of technology, and the business skills necessary to manage relationships. Being a buyer of services is a vastly different role than being a manager of staff. It takes time for employees to fit into their new roles and they need help adapting to new responsibilities (Hindle, 2005).

There has been failure to equip in-house HR teams with the capacity needed to deliver a business partner role to ensure outsource-enabled transformation is achieved. In many cases there is limited capacity within the business to step up to this new challenge requiring a replenishment of

skills from outside. It is particularly critical for success that HR business partners create and sustain the right conditions within the business for a different service –delivery model to be successful (Andrews, 2004). Although at first the role of the retained HR professional seems more hands off, they still need to know how to access and use employee information and data that the outsourcer holds otherwise they will not be able to make informed people-related decisions. Educating the entire workforce about the new outsourcing arrangement is key to success.

It was often difficult to reassign the HR staff that remained within the organization to higher value-added work. De-skilling, job-enlargement, new skill shortages and the disappearance of expertise presented problems that could only be resolved by increasing the HR budget (Woodall *et al.* 2009). In-house HR teams lack the capacity needed to deliver a business partner role to ensure outsource- enabled transformation is achieved. Apparently the effects of outsourcing on an organization's cost are not yet fully understood and perhaps the variables and their relationships are more complex than expected (Kremic *et al.*, 2006). The study therefore seeks to know whether there is any relationship between business improvement motive of human resource outsourcing and performance outcome.

3.0 RESEARCH METHODOLOGY

This study adopted the positivism philosophy. A descriptive survey design of cross-sectional nature was adopted. A cross-sectional survey of managers in the three mobile telecommunication firms operating in Kenya was conducted. Both primary and secondary data was obtained. While questionnaires were used to collect primary data, secondary data was obtained from the internet, journals and books. The study population was all 312 managers (unit of observation) in three mobile telecommunication firms (unit of analysis) operating in Kenya, namely Safaricom, Airtel Kenya and Telcom Kenya. A Census of all 312 managers in the three mobile telecommunication firms operating in Kenya was conducted.

The descriptive statistics such as mean scores and standard deviation helped the researcher to describe the data. Inferential statistics were used to aid in testing hypothesis and drawing conclusions about the larger population. Logistic regression analysis was done to determine the relationship between expert service motive of human resource outsourcing and performance outcomes among mobile telecommunication firms in Kenya. Expert service motive of human resource outsourcing was collapsed into binary (Senaji, 2012) with means less than 3.0 assigned "0" and those above 3 assigned a value of 1. The following statistical measurement models were used to test the hypotheses based on the relationship between variables. Relationship between business improvement motive of human resource outsourcing and performance outcomes is modeled as;

$$\text{logit}z = \ln \frac{P}{1-P}, \text{ where } z = \beta_0 + \beta_1 x_1 + \varepsilon.$$

x_1 is between business improvement motive of human resource outsourcing and β_i is beta coefficient while P is the probability of satisfactory performance associated with x_1 ; ε ' is the error term. To test the Hypothesis, the rejection or acceptance criteria was that, if the P –value obtained was less than 0.05 at 5% level of significance, the null hypothesis was rejected, but if the P-value was greater than 0.05, the null hypothesis was not rejected.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The questionnaires administered were 312 out of which 204 were properly filled, returned and found suitable for analysis. This represented an overall response rate of 67.54% as shown on Table 1.

Table 1: Response Rate

Response	Frequency	Percent
Returned	204	65.38%
Unreturned	108	34.62%
Total	312	100%

The response rate was 65.38% as shown in Table 1. This represented an overall success according to Mugenda and Mugenda (2010) and also Kothari (2013) a response rate of above 50% is adequate for a descriptive study. Cooper and Schindler (2011) also argues that a response rate exceeding 30% of the total sample size provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of few respondents in the target population, 67.54% response rate was good for the study.

4.2 Effect of business improvement motive of human resource outsourcing on performance outcomes

The fourth objective of the study was to evaluate the effect of business improvement motive of human resource outsourcing on performance outcomes.

Descriptive Statistics

Respondents were asked to indicate whether they agree or disagree with the statements regarding Business Improvement Motive of human resource outsourcing (Table 2).

Table 2: Business Improvement motive of human resource outsourcing

Statement	Disagree	Agree	Mean	Std. Dev.
Enhance effectiveness by focusing on what you do best	19.50%	80.50%	0.81	0.397
Transform the organization	47.90%	52.10%	0.52	0.501
Increase product and service value	27.90%	72.10%	0.72	0.45
Increase customer satisfaction	40.00%	60.00%	0.6	0.491
Increase share-holder value	33.70%	66.30%	0.66	0.474
Improve operating performance	14.70%	85.30%	0.85	0.355
Improve management and control	24.20%	75.80%	0.76	0.429
Improve risk management	35.80%	64.20%	0.64	0.481
Acquire innovative ideas, skills and expertise	42.60%	57.40%	0.57	0.496
Improve credibility and image by associating with superior providers	32.60%	67.40%	0.67	0.47
Give employees a stronger career path	67.40%	32.60%	0.33	0.47
Increase commitment and energy in non-core areas	32.10%	67.90%	0.68	0.468
Become more flexible, dynamic to meet the changing opportunities	28.90%	71.10%	0.71	0.455
Obtain technologies which otherwise would not be available	25.30%	74.70%	0.75	0.436
Average			0.62	0.47

The results are shown in Table 2 show that 80.5% agreed with the statement that the organization outsources to enhance effectiveness by focusing on what they do best. 52.1% agreed that the

organization outsources to transform the organization, 72.1% agreed that the organization outsources to increase product and service value., 60.0% agreed that the organization outsources to increase customer satisfaction, 66.3% agreed that the organization outsources to increase share-holder value,85.3% agreed that the organization outsources to improve operating performance, 75.8% agreed that the organization outsources to improve management and control, 64.2% agreed that the organization outsources to improve risk management.

Further, 57.4% agreed that the organization outsources to acquire innovative ideas, skills and expertise,67.4% agreed that the organization outsources to improve credibility and image by associating with superior providers, 67.4% disagreed that the organization outsources to give employees a stronger career path, 67.9% agreed that the organization outsources to increase commitment and energy in non-core areas, 71.1% agreed that the organization outsources to become more flexible, dynamic to meet the changing opportunities while 74.7% agreed that the organization outsources to obtain technologies which otherwise would not be available.

The overall mean of the responses was 0.62 which indicates that majority of the respondents agreed to the statements of the questionnaire. The standard deviation of 0.47 indicates that the responses were varied. The findings support Ghodeswar and Vaidyanathan (2008) that business improvement motive is one of the drivers of human resource outsourcing.

Correlation Analysis

The correlation was conducted between business improvement motive of human resource outsourcing and performance outcomes. Results were presented in Table 3.

Table 3: Correlation Matrix

		Performance Outcomes	Business improvement motive of human resource outsourcing
Performance Outcomes	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Business improvement motive of human resource outsourcing	Pearson Correlation	.301**	1.000
	Sig. (2-tailed)	0.000	

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

The results in Table 3 indicated that there was a positive and significant association between business Improvement and performance outcomes ($r=0.301$, $p=0.000$). Nayak *et al.* (2007) found that outsourcing was successful in enabling product quality improvement, speed to market, increased sales, improved buyer supplier relationships, and a focus on core competencies. Gottfredson *et al.* (2005) found that about half of the outsourcing efforts of the organizations in their sample fell short of expectations, with only 10 percent being highly satisfied with the cost reductions achieved and only 6 percent being satisfied with the overall outsourcing experience.

Logistic Regression

Table 4 shows the logistic regression results.

Table 4: Logistic Regression Results

Performance Outcomes	Coef.	Std.Err	z	P> z
Enhance effectiveness by focusing on what you do best	3.8843	1.03243	3.76	0.000
Transform the organization	-0.6575	0.65146	-1.01	0.313
Increase product and service value	-2.7613	0.97962	-2.82	0.005
Increase customer satisfaction	3.3860	0.82061	4.13	0.000
Increase share-holder value	2.4148	0.84913	-2.84	0.004
Improve operating performance	-1.2271	0.94037	-1.3	0.192
Improve management and control	5.0821	1.28235	3.96	0.000
Improve risk management	2.7317	0.74957	-3.64	0.000
Acquire innovative ideas, skills and expertise	-0.0309	0.55333	-0.06	0.956
Improve credibility and image by associating with superior providers	2.0343	0.82249	-2.47	0.013
Give employees a stronger career path	-0.3766	0.77268	-0.49	0.626
Increase commitment and energy in non-core areas	-1.4945	0.83824	-1.78	0.075
Become more flexible, dynamic to meet the changing opportunities	6.5513	1.38649	4.73	0.000
Obtain technologies which otherwise would not be available	0.3857	0.79185	0.49	0.626
_cons	-5.3990	1.44743	-3.73	0.000
LR chi(14)=111.48				
Prob>chi2=0.0000				
Pseudo R2=0.4536				

Table 4 shows that the motive to enhance effectiveness by focusing on what you do best was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 3.8843$, $P=0.000$). Thus, the log of odds for the performance outcomes for those organizations which outsource to enhance effectiveness by focusing on what they do best is 3.8843 times higher than those which do not outsource to enhance effectiveness by focusing on what they do best. The motive of increasing product and service value was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 2.7613$, $P=0.005$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to increase product and service value is 2.7613 times higher than those which do not outsource to increase product and service value.

The motive of outsourcing to increase customer satisfaction was negatively and significantly associated with performance outcomes ($\text{Exp}(B) = 3.3860$, $P=0.000$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to increase customer satisfaction is 3.3860 times higher than those which do not outsource to increase customer satisfaction. In addition, the motive of increasing share-holder value was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 2.4148$, $P=0.004$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to increase share-holder value is 2.4148 times higher than those which do not outsource to increase share-holder value.

Further, the motive of improving management and control was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 5.0821$, $P=0.000$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to improve management and control is 5.0821 times higher than those which do not outsource to improve management and control.

The motive of improving risk management was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 2.7317$, $P=0.000$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to improve risk management is 2.7317 times higher than those which do not outsource to improve risk management. The motive of improving credibility and image by associating with superior providers was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 2.0343$, $P=0.013$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to improve credibility and image by associating with superior providers is 2.0343 times higher than those which do not outsource to improve credibility and image by associating with superior providers.

Further, the motive of becoming more flexible, dynamic to meet the changing opportunities was positively and significantly associated with performance outcomes ($\text{Exp}(B) = 6.5513$, $P=0.000$). This means that the log of odds for performance outcomes for those telecommunication firms which outsource to become more flexible, dynamic to meet the changing opportunities is 6.5513 times higher than those which do not out source to become more flexible, dynamic to meet the changing opportunities.

This finding is consistent with that of Braun *et al.* (2011) who found that the quality of externally provided HR services is indeed higher than that of in-house provided services leading to higher net earnings for the firms buying the service. This corresponds to the fact that many firms, users and intentional non-users of HR outsourcing actually expected the quality of externally provided HR services to be higher than that of internally provided services regarding overall service

quality as well as many of its sub-dimensions; moreover, in retrospect, users of HR outsourcing reported that the positive quality differential had indeed met their ex ante expectations. The resulting logit model is as follows:

$$\ln\left(\frac{p}{1-p}\right) = e^z \text{ or } \ln\left(\frac{p}{1-p}\right) = z$$

$$Z = -5.3990 + 3.8843X_1 - 2.7613X_2 + 3.3860X_3 + 2.4148X_4 + 5.0821X_5 + 2.7317X_6 + 2.0343X_7 + 6.5513X_8$$

Where

Z= Performance outcome

X₁= Enhance effectiveness

X₂= Increase product and service value

X₃= Increase customer satisfaction

X₄= Increase share-holder value

X₅= Improve management and control

X₆= Improve risk management

X₇= Improve credibility and image

X₈= Become more flexible, dynamic to meet the changing opportunities

Hypothesis Testing

The hypothesis was tested by using the ordinary least square regression. The acceptance/rejection criteria was that, if the p value is greater than 0.05, the Ho is not rejected but if it's less than 0.05, the Ho fails to be accepted. The null hypothesis was that business improvement motive of human resource outsourcing had no relationship with performance outcomes of HR outsourcing. The alternative hypothesis was that business improvement motive of human resource outsourcing had a significant relationship with performance outcomes of HR outsourcing.

Table 5: Hypothesis Results

	Unstandardized Coefficients		Standardized	t	Sig
	B	Std. Error	Beta		
(Constant)	2.796	0.117		23.959	0.000
Business improvement motive of human resource outsourcing	0.525	0.122	0.301	4.313	0.000
R squared=	0.090				
F statistic=	18.603				
P value=	0.000				

Results in Table 5 show that the calculated F-statistic of 18.603 was higher than the tabulated/critical F statistic ($F_{\alpha} = 0.05$). The findings were further supported p-value of 0.000. This indicated that the null hypothesis was rejected hence business improvement motive of human resource outsourcing had a significant relationship with performance outcomes.

The findings are consistent with other studies conducted in the USA which suggest that almost all of the different HR functions have been outsourced in one or the other company (Ancel, 2004; & Tseng, 2011). 79% of the companies have already outsourced one or the other HR function and of the remaining 75% of the companies would like to outsource and consider HR Outsourcing in future.

The finding is also consistent with Braun, (2011) who concluded that the quality of externally provided HR services is indeed higher than that of in-house provided services. Mahmud *et al.* (2012) also found that managers are very satisfied by the change in service quality that is brought in by outsourcing some HR functions, the impact of outsourcing on creating standardized practices and cost reduction but are not satisfied with ability to manage good outsourcing vendor relationship and organizations effectiveness in terms of human resource management.

5.0 CONCLUSION

The study also concluded that business improvement motive of human resource has a significant and positive relationship with performance outcomes. The study concluded that if HR outsourcing is done with the motive of enhancing effectiveness by focusing on what you do best, increase product and service value, improve management and control, improve risk management, improve credibility and image by associating with superior providers and to become more flexible, dynamic to meet the changing opportunities then these will have a positive and significant relationship with performance outcomes.

6.0 RECOMMENDATIONS

The study recommends for the mobile telecommunication companies to practice human resource outsourcing for business improvement motive because it has been found to have a significant and positive relationship with performance outcomes.

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