

**BENEFITS AND EFFECTS OF OUTSOURCING STRATEGY ON PROJECT
PERFORMANCE IN TANZANIA: THE CASE OF DART AND NICTBB**

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**A project report submitted in partial fulfilment of the requirements for the
award of MASTER OF PROJECT MANAGEMENT**

**Faculty of Engineering and Science
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DECLARATION

I, **RASHID NOURDIN IBRAHIM**, hereby, declare that, this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

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ABSTRACT

BENEFITS AND EFFECTS OF OUTSOURCING STRATEGY ON PROJECT PERFORMANCE IN TANZANIA: THE CASE OF DART AND NICTBB

Presently, the DART and NICTBB is undergoing very rapid change and explosive growth and it has been argued that outsourcing strategies adopted have contribution to the growth of the sector due to its relevance and potentials for the economy. As such, this study tried to ascertain the significant benefits and effects of outsourcing strategies on the project performance of DART and NICTBB in Tanzania as regards cost reduction, employee performance, customer satisfaction, customer relationship and core competency. About 106 questionnaires were administered to 40 selected DART projects, 35 selected NICTBB projects, 20 selected from DART-Passengers and 11 selected from internet users in the city of Dar es Salaam, Tanzania. Spearman's correlation and multiple regression analysis were used to analyze the data. The study found that outsourcing so far has positively affected the performance of DART and NICTBB projects and the results indicated that the DART and NICTBB project has benefited from outsourcing its business process to reduce cost of operation and management improved. Also the study discovered that outsourcing of certain technical aspects of business that has to do with knowledge and professionalism enhances customers' relationship as well as reducing employment opportunity. The study recommends that DART and NICTBB project should sustain business relationships that would assists in transaction negotiation with outsourcing vendors to boost the profitability of firms.

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LIST OF ACRONYMS

ATM	Automated Teller Machine
BBC	British Broadcasting Corporation
BPO	Business Processing Outsourcing
CIPD	Chartered Institute of Personnel and Development
DART	Dar es Salaam Bus Rapid transits
HRM	Human resource management
IAOP	International Association of Outsourcing Professionals
IT	Information Technology
NHIF	National Housing Insurance Fund
RPO	Recruitment Process Outsourcing
U.K	United Kingdom
CITCC	Chinese International Telecommunications Construction Corporation
ESRF	Economic and Social Research Foundation
ICT	Information Communication technology
MDG	Millennium Development Goals
MOATS	Media Association of Tanzania MOATS
NEC	National Electoral Commission
NEGPRS	National Economic Growth and Poverty Reduction Strategy
NICTBB	National Information Technology Backbone
NICTP	Tanzania National ICT Policy
ODEL	Open Distance and e-Learning

CHAPTER ONE

1.1 Chapter overview

This study is about outsourcing, as the independent variable and its benefits & effects on outsourced strategy on project performance in Tanzania, as the dependent variables. The summary of the study has being presented in this chapter on background on benefits and effect of outsourcing strategy on project performance in Tanzania followed by the problem statement, aim and objectives of this study, summary of research gap from literature review, the questions of this study, research methodology, the significance of this study and brief summary on all the other subsequent chapters.

1.1.1 What is outsourcing?

Outsourcing is a contractual agreement between client and vendor organizations in which a client(s) contracts out all or part of its development activities to a vendor(s), who provides agreed services for remuneration. Ultimately, this study will conduct a research on benefits and effects of outsourcing strategy on project performance of two government projects in Tanzania, namely DART and NICTBB.

1.2 Background of the Study

The word Tanzania comes by the combination of two union countries which are Tanganyika and Zanzibar. The location of the country is in East Africa, which being surrounded with the country like Kenya and Uganda (North), Malawi, Zambia, and Mozambique (South) Burundi, Rwanda and Republic of Congo (West), while at the East is surrounded by Indian Ocean. The country covers an area of 945,087km² (continental-mainland 942,430km², Islands 2657km² including Zanzibar and Pemba Islands).The total population of Tanzania, according to 2000 census is 32 Million with a

growth rate of 2.8%. Administratively, the United Republic of Tanzania has 30 Regions (Mainland 25 and Islands 5) and 148 Districts.

To survive in a competitive global market and to accomplish long term growth, organizations need to develop and focus on their core competencies thus outsourcing strategy Potkány, (2008), the strategy of increasing outsourcing expertise as the best ways to generate value. According to Elmuti and Kathawala (2000), outsourcing is defined as a long term, result oriented relationship with an external service provider for activities traditionally performed within the organization or a country. On the other hand, Mclvor (2010) defines that organization stick with the core competences in-order to improve organization's skills and reducing unnecessary costs, while same time sustain level of productivity without compromising on quality. Contractor et al., (2010) argue that traditional form of business in expanding organization facilities and increasing numbers of employees is no longer significance, while can outsource the activities by the contractual agreement to other parties at a cheaper cost.. According to International Monetary Fund (IMF) and Tanzania National Bureau of Statistics (TNBS) survey, Multinational Companies (MNCs) and community based corporations outsource most of their back office operations NBS,(2012). An example is the outsourcing of Dar es Salaam Bus Rapid transit system (DART) and National Information Communication Technology Backbone (NICTBB), these two project brought more advantage for Tanzania economy. On the side of the National Information Communication Technology Broadband Backbone (NICTBB), the project targeting its utilization in speeding up development across all sectors of economies.

In 2003 the Government of Tanzania started a National ICT policy. The issues concerned mostly was the application of ICT in the Government sectors. This led to the movement of NICTBB which introduced in 2009, which focused on the aim of developing a main point for all East Africa regions

and districts, so as to encourage the transformation of services to other neighboring countries in the regions and continent as a whole.

By June 2009, the phase 1 of the project has completed with a network reach to 16 regions and phase II will be for addition of 5 more regions. The installation of the National Fiber Optic Broadband Backbone connectivity facilitate the availability of the service so fast, affordable and reliable internet connection so as to encourage national coverage rate of internet connectivity.

Based on the statistics from private mobile operator says Tanzania has increase the use of mobile phones which leads more demand and use of internet connection compared to previous years.

The benefits to be deployed through the use of stable connection to mobile user are such as local mobile application for business, education, health lessons, etc. these become very essential by leveraging the importance NICTBB to Tanzanians, specifically by enhancing the quality and standard of life for rural citizens, Kowero A.B, (2012).

Table 1: Tanzania internet usage

Years	Users	% penetration
2000	50,000	0.3
2002	500,000	3.6
2005	820,000	6.7
2009	520,000	1.3
2011	4,932,535	11.5
2012	5,629,532	12

Source: Adopted from IWS, (2012).

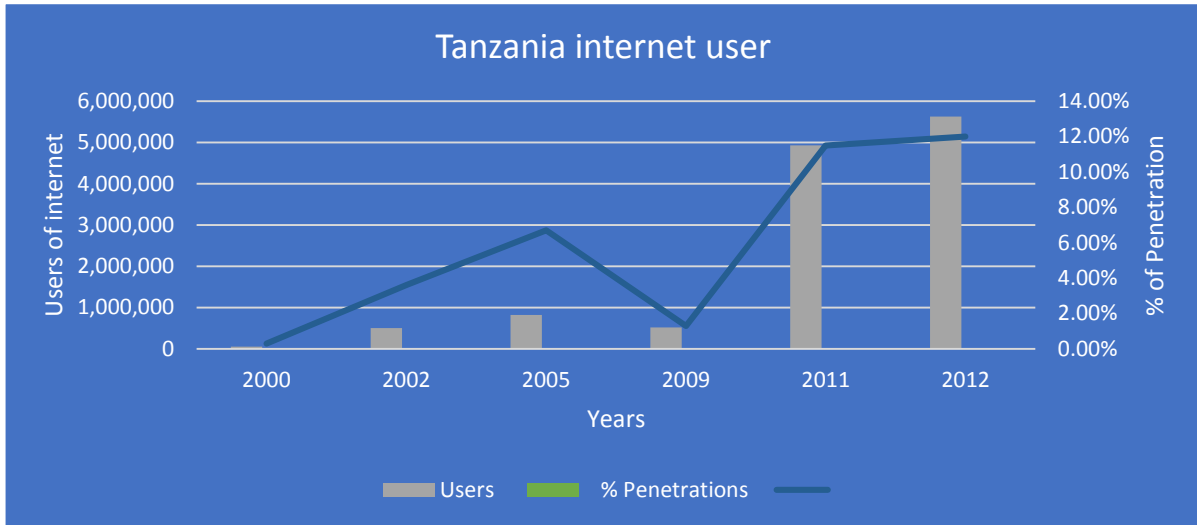


Figure 1: Tanzania internet users (Adopted from IWS, (2012))



Figure 1.0: The Tanzania National broadband backbone network map

1.2.1 Rationale for the NICTBB Project for Tanzania economy

It is deemed that, any country with precious, stable and reliable internet connectivity with sufficient professionals with competences and skills on ICT, these will obvious facilitate to attract investors to step in from developed countries.

To enhance outsourcing opportunities, this requires a balanced professionals with essential skills of certificate, diploma, degree and advanced degree levels.

The benefits to be obtained with most Tanzanians is to gain access to training opportunities and education by appropriate exploitation of Open, Distance and E-Learning (ODEL) opportunities. The concern here is to persuade the society with quality education that is to be perceived as equal as face to face education/instruction. The benefits to be gained by switching quality and affiliation on underlining of the outcome based education evaluations than the current practices in the country, which focuses more on processes of education system. It encourages tremendous benefits to Tanzania investments and business opportunities. Some of the economic and social importance to Tanzania, are:

- Achievement of the Internationally Agreed Development Goals (IADG), based on different dimensions, such as Health, Education, Public, Agriculture (Kilimo kwanza), Good governance, etc.
- To encourage tremendous number of new internet users especially in rural areas.
- To reduce unnecessary business operation cost pertaining with internet charges in East Africa regions.
- To encourage the affordability of using internet and online communication inside as well as outside Africa.
- Undersea Optic Fiber Network (UOFN) facilitate new opportunities and activities in the country's economy, such as establishment of call centers, transfer of technology to society, increase employment opportunities, e-learning as well as effective online studies.

Tanzania deemed to become the East Africa's Digital Hub due to the reason of being borders with more than eight (8) countries, some of them are Landlocked Countries.

1.2.2 The Economic Impact of Backbone Networks

The backbone connectivity networks have great significant on the business viability of ICT services, mostly on broadband. In overall network costs, backbone for mobile network incurs 10-15% of total costs. It is believed that the cost of network operation has a great burden to some users especially those who are in rural areas and/or small town. Ultimately, areas without backbone connectivity network reckoned to be able to provide low service costs for network, thus broadband connection is unlikely to be commercially viable.

1.2.3 NICTBB projects have been outsourced

NICTBB project is considered as one of the very mega project in East Africa countries. The need prompted to establish this project mainly to sustain the stable communication and reliable internet connectivity. There numbers of project parties that outsourced to other organizations for the aim of achieving project completion on time as well as achieving expertise from the outsourced party. According to IWS, (2012) revealed that NICTBB towers' installation will be taking over by the Chinese Telecommunication Construction Corporation (CTCC) a company from China. This company, also have partnership and project parties operation with Huawei Company. The reputation of Huawei Company in Tanzania is very positive since undertook variety of successful projects for some of Mobile Companies' network in Tanzania such as Tigo, Vodacom and Airtel.

Another project part that has been outsourced is installation of National Fiber Optic Broadband Backbone. Tanzania Communication Regulation Authority (TCRA) has provided numbers of certified local companies such as TTCL. It is reckoned that TTCL to undertake the huge project like NICTBB it needs to have sufficient experts that can have enough experience and knowledge on operating advanced technologies. These lie as one of the reasons for government project to outsource most of their project parties.

In September 2013, NICTBB have signed a partnership with Liquid Telecom Group for the purpose of connecting Tanzania to its East Africa Fiber Ring. This partnership has led the distribution of prices to some of local companies to be unaffordable to its customers.

The phase 1 of the NICTBB has completed in 2009, and covered 16 regions in a country, the operating capacity have not been sufficient to reach all the regions covered. According to Kowero A.B, (2012) revealed that, the backbone is currently operating at a less than 10% of its installed capacity and deemed to be even lower than the expected and designed capacity.

1.2.4 Potential Impacts of Dar es Salaam Rapid Transit system (DART)

1.2.4.1 Direct and Indirect Employment Generation

DART roads construction expected to take 48 months only for phase 1, which includes project team workforce of roughly 800-1,200 during peak season. Moreover, peak season is predicted to finish in last January 2016. Generally, out of 100% of project team, 70% were direct workforce and remaining 30% were indirect workforce. Due to Tanzania employment laws and policies recommend that at least 20% of the job positions must have to be taken by nonnative workers.

1.2.4.2 Improved Air Quality and reduction in emissions

The removal of *daladala* (Min public buses) is reckoned to have significance benefits on reduction in emissions. DART is a project that includes modern public buses which deemed to emit lower emissions as how Euro III Emission Standards proposed. The existence of *daladala* seems not environmental friendly since most of the *daladala* buses age ranging between 10-25 years of its operation. The removal of *daladala* will be beneficial for environment preservation and air pollution treatment.

1.2.4.3 Tax revenue to grow during construction and operation

The execution of DART project demands an investment capital of more than \$ 100 million. This will provide the ability to Tanzania government to generate tax revenue that will be won by the building contractor. Moreover, the complementary tax will be generated from the local acquisition of materials for building, goods and services. Lastly, operators and sub-contractors of the system will also provide tax revenue during the project operation.

1.2.4.4 To Improve Education Standards and Encourage Safety for Students

Most of public schools especially primary and secondary school in Dar es Salaam, pupils and students go to school using *daladala* as main transport. The system that used by *daladala* to charge fare to students has being seen as discriminatory to students since they are required to pay a bit low fare compare to adults passengers who pays more than students' fare. During peak hours *daladala* operators do not allow unaccompanied students to embark into the buses due to low fare compared to adult. It has become one of the due cause of the poor performance of the students since majority of students believed to doge the class attendance. Thus, the DART project concerns on minimization of discrimination situation for school pupils/students.

1.2.4.5 Improved Drainage and traffic flow

DART construction project expected to have good design of drainage systems along the road. Also, at the location where the streams cross the road, the project have design drainage structures that is suitable for the location compared to previous system. To improve BRT performance of the system, the Urban Development Department (UDD) in Tanzania has merged with the World Bank to undertake construction projects of channels for drainage and to make the improvement of roads for feeder to serve DART phase 1, and phase 2 corridors. This deemed to reduce frequent flood on some roads, while feeder roads to improve the transportation transfer of passenger from the place where DART not reached (Oumarou, A 2015).

1.2.4.6 Improved Street Lighting, Signaling and Safety

Before the introduction of the DART project, the street lights, traffic lights, signaling as well as safety along the corridors were very few in Dar es Salaam. The implementation of this project will improve all the necessaries in streets. The contract for operator's performance must include the maintenance

of signals and street lighting along the corridor. DART will be responsible to recruit traffic wardens specifically for security purpose along the stations and systems.



Figure 1.1: The one of Bus rapid speed along the Morogoro road (Source: DBRT Report, (2015).

1.2.5 DART projects have been outsourced

Dar-es-salaam Rapid Transit is the government project established to minimize the congestion of traffic jam. The project consist of 6 phases for road construction of its rapid transit buses. In April 2016, phase 1 has completed. There numbers of project that have been undertaking within DART. According to DART Agency, (2011) revealed that Dart project will be constructed its bus roads by outsourcing to Austrian Construction company known as STRABAG. According to DART agency & PMO-RALG, (2014) revealed that a phase one of the road construction would start in March, 2013 and expected to finish in December, 2015. The project could not finish on time due to several boycotts occurred during the implementation of phase 1 by strabag's employees. According to Guardian newspaper in Tanzania has reported two times strikes of Strabag's employees to complain the delay of their salaries and their incentives. The incidence occurred in September, 2nd in 2013 and April, 28th 2014. Due to several strikes caused by the Strabag's employees, it led the project to delay, instead of completion in 2015, it overran to 2016.

Ultimately, Dart have outsourced the bus transit to U-DAR (Usafiri Dar-es-salaam). According to Dart, Project Information Memorandum (2014), Phase 1 bus operations will be provided by a Service Provider providing both trunk and feeder services. The Service Provider will be a private company registered in Tanzania with ownership possibly shared between bidding consortium members. As phase 1 started in May, 2016 there were several complains from costumers complaining the prices charged to be more than what majority can afford. The complaint deemed to be caused by the U-DAR to outsource part of the fair collection system to Maxicom Africa.

Maxicom African are demanded to be responsible in recruiting bus drivers and be responsible in any of infrastructural issues relates with DART that might occur during their operations. The apportionment of risks between these two parties are fully distributed to Maxicom. It is deemed that Maxicom are now facing more expenses in running the project operation than the income gained.

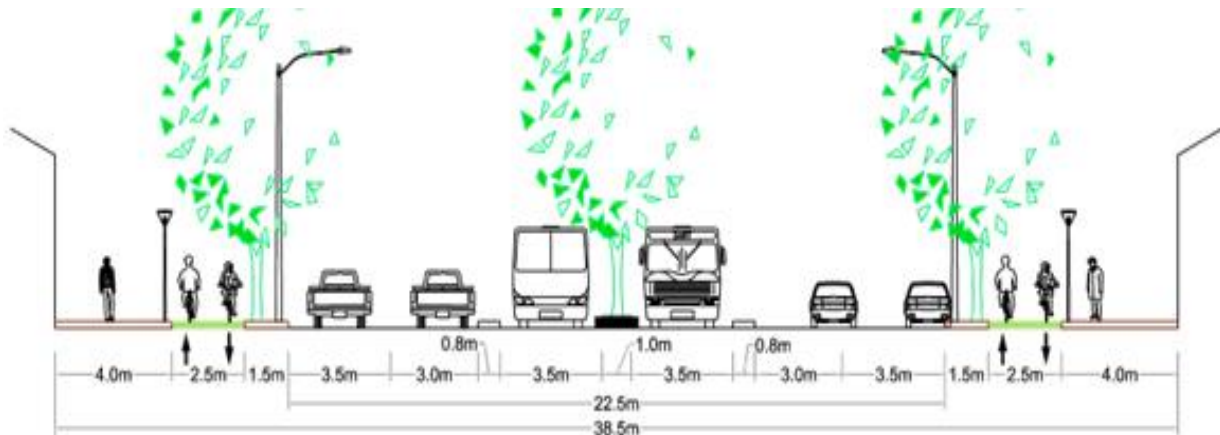


Figure: 1.2 The layout of the Dart Infrastructural system (source: Dart Project Information Memorandum, 2014)

1.3 Statement of the Problem

Aldelsberger, Kinshuk. Pawloski, and Sampson (2008) revealed that organizations resort to outsourcing mainly because it is the general trend without assessing the cost benefit analysis. Parastatals and government institutions seem to blindly accept the practice of outsourcing without in-depth analysis on the benefits as well as effects of outsourcing towards the intended parastatal objectives. This study establish the benefit and effects of outsourcing strategy on project performance based on two mega projects, namely DART and NICTBB.

This study was establishing the benefit and effects of outsourcing strategy on project performance in Tanzania with the objective of making recommendations on how it can be effectively useful and/or its effective mitigation on effects of outsourcing toward individuals and country as a whole particularly in project performance.

The prevailing trends for outsourcing of a project are:

- High labor turnover,
- Lack of professional experts,
- Lack of project knowledge,
- Technological issues,
- Underperformance of employees on job, and
- Lack of motivation and innovation at work.

These call for a new way of getting competent employees to provide services likewise governmental sector in Tanzania outsourced on DART Project and on NICTBB project. The compulsion of recruiting and retaining high skilled human resource, has become a threat to most of project since business and project owners are looking to competent employees to grab them to their work due to the force of high pay. The need to trim capital expenditure in the project has led to concentrate on

their core project which motivate the trend in outsourcing. The study establish the benefits and effects of outsourcing strategy on project performance in Tanzania with a view to making recommendations on how it benefited and/or its effects mitigation toward individuals' project and government's projects as a whole. Eventually, the research aim to trigger the benefits and effects of outsourcing that have been enjoyed and faced by these two projects.

1.4 Aim and Objectives

1.4 This study is aimed to examine the issues affecting outsourcing strategy on project performance in Tanzania.

The objective of this research is to identify benefits and effects of outsourcing strategy on project performance in Tanzania for managing high risk and complex projects such as DART and NICTBB projects so as to attain project deliverables. Particularly in:

- Cost, time, quality, and safety,
- Meeting project and technical specifications,
- End-user's satisfaction, and
- Partner Company's satisfaction.

With the identified DART and NICTBB, this research hopes to benefit project management practitioners in managing the similar projects caliber successfully.

1.4.1 General objective

Generally, this research is to determine the benefits and effects of outsourcing strategy on project performance particularly on the employees (Experts) commitment and to reveal the achievement that these project delivered through the outsourcing strategy as well as effects that incurred through outsourcing strategy on project performance, by focusing DART & NICTBB projects.

- (i) To determine the benefits of outsourcing strategy on project performance in selected parastatals in Tanzania.
- (ii) To examine the effects of outsourcing strategy on project performance due to lack of in-depth analysis of both clients, vendors and end-users (customers).

1.5 Research limitation Gap

As what the literature prescribed, it has identified some of the gaps that this study need to deal with. Based on the methodologies, numbers of the researches have shown the reliability in qualitative and quantitative approach. It is advised methodologies to be adopted but should also be considered with some few criteria that are favorable to conduct a study using these techniques. These approaches have their own weaknesses especially when the data used are time series. It appears that no study in Tanzania of more or less similar study has employed to address the knowledge gap on the benefits and effects of outsourcing strategy on project performance using Regression Model. Ultimately, most of the studies are cross country, therefore the results obtained may not portray and reflect the exactly picture of Tanzania. It is with picture in mind that the current study is envisaged to fill the gap by employing the **Regression Model** on benefit and effect of outsourcing strategy on project performance in Tanzania.

1.6 Research Questions

- (i) To what extent does outsourcing strategy improve project performance?
- (ii) Does outsourcing strategy facilitate any positive impacts or impinge negative impacts on project operations?

1.7 Research Methodology

An on-line administered questionnaire have being developed to test the research questions of this study. Since the main prompted motive of this study is to analyze the benefits and effect of outsourcing strategy on project performance in Tanzania in DART and NICTBB, the target population would be all the project beneficiaries in Tanzania. The survey for this study was distributed to the stakeholders of the project, project managers and project management executive level staff from DART and NICTBB in Tanzania and all other parts of the world. Pilot survey was conducted on a small sample of respondents to verify the content validity with the assistance of industry experts.

The main survey questionnaire was sent to a total of 200 respondents with a targeted response rate of above 70%. Reliability tests and validity tests will be carried out to determine the benefits and effect of outsourcing strategy valid for projects in DART and NICTBBs and how are associated with project performance.

1.8 Research contribution

This research was highlighting the various type of outsourcing in different project platforms and project areas as well as management levels. Eventually, the focuses will be on the benefits and effects of outsourcing on project performance particularly on operational costs, productivity, end-user satisfaction and employee's attitudes. The results to be achieved will help project management to conduct appropriate policy decisions before and after securing the decision for outsourcing so as to uplift productivity, satisfaction, improve service delivery, as well as employees' attitudes. It is due to the ready and available demand for outsourcing services that guarantee employment. With good adoption of outsourcing other institutions and organizations would want to know the effect of

outsourcing in organizational productivity in selected projects in Tanzania like DART and NICTBB and therefore adopting the same method in acquisition of labor force.

1.9 Scope of the Research

The study focused on two public firms, that one from Internet services mode and the other from Transportation mode. *The relationship between these two projects link together on the communication aspect. Both focuses on the attainment of smooth communication on its own way. As we know, Transportation and Internet services aim on providing reliable and precious communication mode.* These two parastatal organizations were selected on basis of needs and demands by Tanzania citizens and is logical essay for data collection to the researcher place of work and because of time essence and convenience. It covered all the employees in these governmental agencies. Data collected have being analyzed from the two organizations which are DART and NICTBB, where the time schedule for data collection was between August to October 2016. These organizations was representative sample of the population because they handle the same business service delivery to Tanzanian.

1.10 Chapter Outline

In the next chapter of this study provides introduction to benefits and effect of outsourcing strategy on project performance in Tanzania by other researchers, review on outsourcing strategy frameworks and models studied by other researchers. Chapter two also discusses about benefit and effect of outsourcing strategy and its characteristics. Definition and theoretical review on outsourcing performance is also reviewed. Review is also done on empirical studies on outsourcing strategy on project performance, it's important for projects in DART and NICTBB. To establish the appropriate measure of project performance for this study, project strategy performance defined by past studies are also explored. Gap analysis from literature review is discussed prior to concluding Chapter 2.

Chapter 3 discusses about the justification behind the selected research methodology which comprises of discussion on research framework, research model, research strategy, questionnaire development, sampling, data collection method and data analysis method.

Data collection and analysis is discussed in Chapter 4. Descriptive and inferential statistical analysis such as reliability and data distribution are discussed.

Correlation and compare means test results are presented and outcomes for each research question are discussed in chapter 5. Chapter 6 meanwhile summarizes discussions from Chapter 1 to 3. Discussions on findings from data analysis in Chapter 5 are discussed further to determine whether the research objectives were met or not. Contribution of this study to academicians and project practitioners alike is also discussed in this chapter. Limitation, recommendations and future research have been concluded in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 chapter overview

This section presents the literature review in five sections. The first section provides terms and concept definition to benefits and effect of outsourcing strategy on project performance and review on past studies done by other researchers on related projects.

The second section presents reviews on outsourcing strategy and its characteristics. Rise of outsourcing, reason for outsourcing, and reasons on not outsourcing on some project

The third section of this chapter discusses briefly the benefits of outsourcing obtaining on previous researches so that appropriate measures of project performance for this study can be established.

The fourth section of this chapter discusses the effects of outsourcing on cost efficiently, on productivity, on profitability, and on domestic job market.

Finally gap analysis from literature review is discussed to conclude this chapter.

2.2 DEFINITIONS

2.2.1 DART

Dar es Salaam Rapid Transit is a government project that established to provide the smoothness of public transport and minimization of city center traffic jam. A big part of the project services outsourced to private sectors.

2.2.2 NICTBB

NICTBB-National Information Communication Technology Broadband Backbone. The project have been introduced by the government of Tanzania with the intention to facilitate the improvement of connectivity within Tanzania regions as well as whole East Africa region. The project focusses to contribute to affordable prices to internet accessing efficiently, quality and stable ICT services by improving communication infrastructure services and provision of efficiency and transparency of selected government functions through e-government application.

2.2.3 Outsourcing

“The procurement of goods or services from sources those are external to the organization” (Lankford & Parsa, 1999 cited in Schienederjans et al., 2005,).

2.2.4 Outsource provider

The firm providing outsourcing services (Schienederjans, Schienederjans, & Schienederjans, 2005). In this research third party and service provider will be used interchangeably to refer to firms providing outsourcing services to the selected parastatals.

2.2.5 Parastatal

It is a body corporate established by or under an Act of Parliament or other written law with whole or the controlling majority of the shares or stock of which is owned by the Government or by another state corporation (Njiru, 2007).

2.3 Outsourcing Strategy

The literature advocated that the firm outsourcing strategy is another aspect of which is an essential to be put into consideration towards outsourcing of management accounting functions. Studies portray that this aspect is more important and influential for those firms that are capable to move around or have yet secured an outsourcing for some non-core management functions at their desired external service providers so as to save the cost. Outsourcing of non-core functions keep organizations or project to concentrate upon firm's core activities to be more competitive in a business environment. For example, company structures, processes and financial matters must be taken into account in decision making (Espino & Robaina, 2004). According to Carey et al., (2006) revealed that organization strategy to outsource non-traditional activities (i.e. accounting functions) leads to increase competences of the firm, experience and capability to manage risks that are more likely to face non-core functions (HR functions, etc). In nut shelling, Kamyabi, & Devi, 2011: 85, concluded that "the inclination to outsource non-tradition services (e.g. Accounting functions) is more likely to increase, if outsourced in companies which are actively outsource party of their business processes compared to companies with low tendency of outsourcing activities.

2.3.1 Rise of Outsourcing

The trend of outsourcing is been taken as a positive strategy in the organization to conquer and increase profitability. This trend now is increasing worldwide. India is leading the market to be as one of the great vendor in the field of software engineering, e-commerce, network security system, and digital and creating animations (Johnson, 2007; Sullivan L., 2004; Wileman, 2007). It's true now India has a goodwill in software and hardware production by outsourcing. (Giridharadas, 2007; Johnson, 2007; Oza & Hill, 2007; Raman, Budhwar & Balasubramanina, 2007), they made it clear that India is yet one of the great and respected country for software production for several organizations

worldwide. These numbers of evidence shows that 82% of companies in U.S.A including big firm as IBM & Accenture, are depending on IT outsource services from India, this is due to high quality services provided by the country (Muncaster, 2007). Ultimately, IT outsourcing is not only popular service that provided by India and other parts of the world, HR functions now increase the trend to be outsourced. In past few years, HR outsourcing market has proved the increase demand than any other services in India. The services has produced \$32 billion in India. According to Elmuti (2003), outsourcing deemed to be a strategy for an organization to increase value, this makes the market of outsourcing provider to grow rapidly. Due to this strategy, firms can enjoy positive impact of reducing cost. Oza and Hill (2007) stated that one of the major reasons for an organization to outsource is to facilitate cost reduction especially in a country like India and China, because these countries have pool of labors that can provide quality work with low production cost. Similarly, Thailand is one of a country in Asia/Pacific with lower cost, alongside Australia and New Zealand which HR activities are commonly outsourced (Beaman & Eastman, 2004).

2.3.1.1 DART & NICTBB needs and areas to outsource

There numbers of reasons that prompted the need of these two mega projects to outsource. According to variety of references have revealed the areas that these two projects have outsourced, they have shown that Experts and Technology issues were the main factors driven the outsourcing strategy to be employed. According to Tanzania Investment Centre (TIC) has concluded that a developing country like Tanzania needs sufficient experts with essential knowledge to adopting technologies that will be beneficial for investment without compromising costs, expenses and returns while meeting their goals. DART and NICTBB project has adopted the usage of outsourcing strategies purposely to:-

- Gaining experts,
- Reduce cost of business operations,
- Minimization of Risks,
- Employees commitment & Innovation (Employees' Performance),
- Moreover, concentrating on their core activities (Positive project performance), etc.

Due to their needs, the study has to scrutinize the areas that these two projects have achieved and those that not meet their objectives. The conclusion of the research will give the exact picture of the DART & NICTBB status pertaining their performance due to outsourcing strategy. The findings also will be helpful since these projects are still to undertake the remaining phases to complete the overall project. Those areas that will not meet the objectives will give the research ability to come up with suggestion on in-depth analysis.

Ultimately, the literature has reviewed the benefits and effects of outsourcing strategy that can be faced by DART and NICTBB projects. It has not been prescribed all the prompted needs and demands for outsourcing, through the research analytical and conceptual frame work model provides the path which is on **Figure: 3.0 and Figure: 3.1**.

Moreover, all the areas that leads a project to outsource stands as benefits. DART & NICTBB purposely outsource to enjoy the benefits propelled through outsourcing so as to accomplish their project objectives. It is also advised that their some areas if outsourced then are more likely to face challenges and impinge the projects to reach its deliverables. Therefore, literature has revealed the benefits and effects of outsourcing, and lastly will assess DART & NICTBB performance if they have achieved these benefits or they face any effects after they have outsourced. In the area of employees

(Experts), the researcher use Regression Model to analyze the commitment toward the outsourced project in-order to see relationship and significance among the project variables.

2.3.2 Reason to Not Outsourcing on some project

2.3.2.1 Dubious Cost Savings

It is not guaranteed that outsourcing could facilitate cost savings for SMEs. A company has many costs that can be incurred during its production processes. For-instance, an organization intends to lower the cost by reducing wages to its employees after outsourcing, this does not certainly lead to minimize overall project costs. Therefore, it is crucially to understand that there are plenty of costs associated with the transaction (subcontracting). Normally, this cost would be known as cost of the contract, the cost of monitoring and performance as well as cost of managing the contract. Ultimately, when we closely stance the costs by combining and comparing all these costs of outsourcing with insourcing, the outsourcing could lead to be more expensive.

2.3.2.2 Loss of Expertise

Literature suggested that the loss of skills is another factor to outsource accounting functions. Studies have indicated that outsourcing lead to the loss of internal skills and competencies (Gilley & Rasheed, 2000; Quelin& Duhamel, 2003). Furthermore, outsourcing creates a risky situation where a single actor (service requester) becomes too dependent a particular service provider. This can create problems for SMEs in the future through higher prices or reduce the quality of service. Then it became difficult for SMEs to move to internalize any of the service providers, since most accounting services required specific skills and expertise's that are difficult to obtain in a short time.

2.3.2.3 Loss of Information

Many studies have reported that the major reasons for not outsourcing management accounting functions, as some information may not be immediately accessible for their business, and direct monitoring of financial records become much more complex in the case of outsourcing (Everaert et al., 2007).

2.4 Benefits of Outsourcing

The overall benefits of outsourcing are as follow:-

- Operation cost,
- On cost management,
- On employee innovation,
- On employee productivity,
- On maintenance competitive,
- Focus on core activities.
- Risk sharing
- Compliance
- Flexibility to change
- Time zone advantage
- Faster and better service
- Increase efficiency
- Access to skilled resource and the like.

The prompted factors to outsource human resource are most commonly be quotes as reducing cost and enhancing service delivery. According to Beulen, Ribbers, and Roos (2012) explains that outsourcing has been a tool to facilitate assessment on the value and quality of Human Resources (HR). Beulen et al. (2012) suggest that the need to outsource HR services is due to a greater focus to

achieve customer satisfaction by agreeing service level and key performance indicators. Brown and Wilson (2012) point out that a country as U.S.A focus on the benefits from outsourcing by making a firm to concentrate on the core project, gaining knowledge on suppliers' economies of scale, apportion risk burden and enable flexibility, also the ability to cut down the cost due to competitive tendering processes. Outsourcing also been recognized as vehicle that leads to changes which is hardly to be implemented internally. For-instance, mega organizations, the strategy to outsource deemed to be a technique to connect different parties together to reduce costs, use best standards and distribute best practices, and provide ability to innovative IT solution (Brown & Wilson, 2012).

2.5.1 Operational Costs

Majority of experimental researches have concluded on the same subject that outsourcing leads to minimization of government expenditure. Studies have divulged that the extent of cost savings differed widely, in some instances, there were a proof on cost overlap due to outsourcing (Oshri, Kotlarsky, & Willcocks, 2011). They cemented that no useful 'rule of thumb' that exist on the size of the impact of outsourcing specifically on the costs relates with delivery.

Despite the difficulties, there are numbers of quantitative studies scrutinized if outsourced leads to costs reduction in government expenditure. Majority of the studies used cross-sectional technique to assess contracts on both government and private sectors service provider in a specific industries, but still majority of them are only case studies for outsourcing exercises. The major common case studies were cleaning and collection industries due to easy to measure and same time it leads the trend to be outsourced (Reeves & Barrow, 2000; Dijkgraaf & Gradus, 2001).

2.5.2 Outsourcing and Cost Management

One of the major motive to undertake outsourcing strategy is to be able to reduce and manage cost associates with the exercises. According to Kakumanu and Portanova (2006) noted that cost reduction has become the core drive to outsource. The practice to outsource has many areas that can make the cost to be reduced. By the study conducted in UK by Girma and Gorg (2006) concluded that employees high wages are directed induce outsourcing, suggested that saving cost should be number one factor. It also revealed that outsourcing decision should be focus to assess all necessary costs that can be incurred internally as well as when outsourced, thus cost analysis is more important. However, in many cases these cost calculations tend to focus primarily on manufacturing costs and do not provide a true reflection of the total cost involved. Also, other qualitative factors like long-term implications on strategic and that of employees' reactions to outsource should be gathered before decision making processes to outsource is taken (Kakumanu&Portanova, 2006). To minimize labor costs is very crucial pertaining with outsourcing exercises. According to (Kakumanu&Portanova, 2006), recruiting and training employees in-house might be expensive, whereas outsourcing to other party who possesses important skilled employees with enough experience might be cheaper. Ultimately, recruiting temporary employees is streamlined. Avoiding training costs for employees when the organization perform particular activities in house leads the costs associates with steep learning curves to be cut down (Garen, 2007). The significance of outsourcing to the organization is when independent contractor tend to be a temporary worker.

2.5.3 Outsourcing and Employee Innovation

The strategy of outsourcing have become a choice where firms undertake to achieve different objectives. In broad terms, it can be defined as the “turning over of all or part of an organizational activity to an outside vendor” (Barthelemy, 2003). It is deemed that innovation is the source of

productivity to go up. Organization focuses to innovation is more likely to achieve its long term objectives. Business areas that outsource so as to cut down costs, improving competitive advantages and streamlining processes, these portrays that their close relationship between outsourcing and innovation. Barthelemy, 2003, concluded by providing an example of a company which says that “Hewlett-Packard Company for instance employed outsourcing strategies in an effort to make their operations more efficient and able to sustain innovation over the long haul, while the Centre for Research in Innovation and Competition at the University of Manchester argues that Firms, even large multinational corporations, can no longer expect to be totally dependent on their in-house research and technology resources to maintain innovative performance hence need for labor outsourcing”

2.5.4 Outsourcing and Employee Productivity

This is to say that many company wishes to compete with its rivals positively by improving employee’s productivity, especially for the big company over small organizations. According to Griffin, (2012), urged that outsourcing stands as platforms that makes small organization to be able to compete with big companies because can make small companies to concentrate on the business functions. Usually, getting such professionals to work for an organization can be detrimental to their finances (Griffin & Moorhead, 2010). Since organization will be in focus to concentrate with their core function while others deal with more aspects, then the ability of productivity to be uplifted and quality of the production will be increased. Outsourcing also gives companies the opportunity of expanding (Hill & Jones, 2012).

2.5.5 Maintenance of Competitive Advantage

To understand the activities that a company is doing better at a particular activity is always the good strategy to be enforced. Outsourcing strategy deemed as a good strategy foe cost minimization, but it

is advised that company should not outsource an activity which is always doing better at. Langfield-Smith et al. (2001) cite a manager who comments: "...You really have to understand what your core competencies are. What are the things that you are good at, that you do have an edge on? According to Domberger (1998), cited number of examples of an organization that outsource to foster their focus on their competitive advantage source. Formidable barriers against competition can be achieved by organisations focusing on what they do best, and outsourcing to suppliers who can in turn focus on developing their own specializations.

2.5.6 Focus on core activities

Core function focus relates with the area of competitive advantage. To understand what a company is doing best is the same idea of focusing on core activities. Core activities must be in-sourced and non-core activities must be outsourced. Non-core activities are peripheral to a company's competitive advantage (Quinn and Himler, 1994). To put clarifications on core activities mean,

K&K (2000) refer to Alexander and Young's (1996) four characteristics generally associated with a core activity:

- i. Means activity traditionally undertaken in-house,
- ii. Means, it's essential to business performance,
- iii. Means it boost competitive advantage, and
- iv. Means it increases innovation and rejuvenation.

2.5.7 Increase efficiency

Outsourcing needs a partner that can meet standard and provide the solution that a client is looking for in-terms of experience and expertise. A partner to outsource to have to meet standard as Flat world

Solutions. This company increase efficiency to its client spend years to boost experience and business practices by being so expert in delivering complex outsourcing projects. This leads them to do their activities outsourced even better, which facilitate productivity and efficiency to client's company. (<https://www.flatworldsolutions.com/articles/benefits-of-outsourcing.php>).

2.5.8 Save on infrastructure and technology

It gives the ability for the outsourcing partner to reduce challenges of infrastructure if taken in-house with no competence in business processes.

2.5.9 Access to skilled resources

If outsourcing being performed in a way that considered the interest for the activity to be outsourced, this facilitate the prompted factor to be achieved. If a company needs an access of skilled resources can absolute outsource to a vendor possesses all the requirement. Providers like Flatworld Solutions take care of the resourcing needs with their pool of highly skilled resources. They are well trained, pool of exerts and well educated in the area of their business. (accessed on Monday, September 5, 2016.from <https://www.flatworldsolutions.com/articles/benefits-of-outsourcing.php>).

2.5.10 Time zone advantage

If partners are in different country with different time zone, makes to enjoy the difference by having quality deliverables which minimize lead time. The time the product is being processes I might be the off time to a client, and the time the client receive the product it might be a working time. This increase the value of outsourcing (ibid)

2.5.11 Faster and better services

It is reckoned to outsource the activities to a partner with experience and well know reputation. The assessment to get a successful partner ill make the product to be received in time and also makes the availability in market to be with maximum guarantee. (ibid)

2.5.12 Risk sharing

Outsourcing leads to risk sharing. According to Altinkemer et al. (1994) and Gilley & Rasheed (2000), concluded that outsourcing makes the company to diversify the part of their activities than making in a possession all activities together. In financial aspect, this be known as “portfolio effect.

In the manufacturing area, it is deemed that if all actives be carried with one plant, the risk to put the business ceased is even more than if could be outsourced (Elmuti, 2003).

2.5.13 Flexibility to change.

Outsource strategy influenced by a vendor that provides the varieties of skills, resources and capacity that leads the client to be flexible to change. According to Aldelsberger et al., (2008) says that IT companies provides the client to be flexible to change when outsource to a right vendor.

2.6 Effect of Outsourcing on Cost Efficiency

2.6.1 Cost reduction

Majority of authors agreed that major cause to outsource is the benefit enjoyed in reducing cost (Altinkemer et al. 1994, Gilley & Rasheed 2000). It is being deemed that undertaking outsourcing it’s normally helps to cut down cost than maintaining the service in-house. Malhotra (1995), cemented that factors that affect the decision on outsourcing is minimization of operation cost, predictability

cost due to risk sharing on technological investment, fixed contract, availability of experts and business efficiency.

2.6.2 Saving labor cost

According to Abraham and Taylor (1996), outsourcing provides a sensible strategy to a firm intend to save costs of labor. Increasing a pool of employees and running facilities such as plants and machinery will eventually adding up the cost of labor per hour. Abraham and Taylor (1996) proceeded by saying that outsourcing is the right strategy to be used to economize cost of production, by substitute the activities would be taken in-house.

2.6.3 Converting fixed costs into variable costs

Kotabe (1989) revealed that outsourcing has variety of resource to be undertaken and not only cost cutting, such as converting fixed cost into variable costs stands as a major factor. This makes the business to be able to avoid large expenditure at a first place. The other reason is for boost up market share by making positive to investors.

2.6.4 Focusing human resources

According to Bettis, Bradley, and Hamel (1992), temporary employees are making expectations of the organization more viable, since the cost of hiring and training is minimized. This makes the positivity of outsourcing to be seen when the organization focus more with the human resources that they manage to retain and possess for their activities. Linder (2004) argued that most of the small organizations do not emulate the support services in-house than large organizations do afford to maintain. By outsourcing strategy, the small firm can enjoy the fruits from the vendors and make it stay as big company.

2.6.5 Cost-effective

It is revealed that most of senior managers prefer outside firm to undertake part of the activities, because it is deemed that outside vendor is more cost-effective. While functional managers believe to employ a person to perform work for them. According to O'Connor, (2001) concluded that, the need to outsource must be aligned by the organizational vision, functions and financial ability.

2.6.6 Making or buying intermediate inputs

Eventually, an organization can be propelled to either “make” or “buy” if only the cost that to be incurred by outsourcing is lower than deciding to make in-house. Hence, outsourcing can be used to economize on production cost, in particular labor cost (Abraham & Taylor, 1996) by substituting in-house production with the buying-in of components. The cost to outsource can not only be determined by the price, but also the indirect cost such as transportation and contracting cost and other factor necessary for outsourcing parties.

2.6.7 Cost efficiency

Barthelemy&Adsit, (2003), revealed that company must put into consideration that the party to be outsourced will definitely complete the activities faster, with a lower price and same time meet the standard than if it could be performed in-house. Cost efficiency remain as the major development of outsourcing.

2.7 Effect of Outsourcing on Productivity

2.7.1 Enhancing productivity

Outsourcing is viewed as a means to provide enhanced productivity. Alexander and Young's (1996) revealed that the quality of a vendor to perform client's activities makes the possibility of both parties

to increase productivity. This is because the trust that will be created by each other during the outsourcing exercises, will encourage the parties to boost the productivity.

2.7.2 Increased productivity for businesses

Outsourcing encourage the productivity for the business. Evans and Lindsay (2001) assert that outsourcing strategy is more likely to increase productivity for the business. It is suggested that the formation of good outsourcing strategy, management should therefore align the outsourcing strategy and the objectives of the organization. The decision to outsource should address the critical role of information and processes in organizations, including the role that systems play.

2.7.3 Returns to production

Discussions about the extent of outsourcing have raised questions about its possible impact on productivity measures. Görzig and Stephan (2002) used German data to assess the returns to production caused by outsourcing. They found that an organization which perform outsourcing experience importance of outsourcing in terms of returns per worker.

2.7.4 Capacity/quality

Contrary to the above authors, it has established that implementation of outsourcing strategy, it is successful being propelled by helping quality, and improve capacity (Lau and Hurley 1997; Kotabe, Murray and Javalugi 1998). According to D'Aveni and Ravenscraft (1994), urged that every organization have its targeted and limited resources, same time managers have limited time and attention. This explain the effect that a vendor can create if will keep accepting different clients' work due to well known at a certain field.

2.8 Effect of Outsourcing on Profitability

2.8.1 Value enhancing

Eventually, outsourcing provides difficulty to give straight answer if it helps to enhance value. Some author being very subjective to come up with the conclusion on value enhancement. Specifically, Kimura (2002) did not find out any proof that outsourcing led to value enhancement and increase in profit in Japanese manufacturing companies. Ultimately, Görzig and Stephan (2002) came out by saying that there are positive correlation between outsourcing strategy of materials with profits, while there is no significance by outsourcing services with profitability for a sample of German manufacturing firms.

2.8.2 Increasing competition

In the current business world, organizations are busy to find the strategy that will make them to maintain their competitive advantage. According to Bender (1999); Quinn (2000), revealed that the world has discovered the new phenomenon that makes small firm to firth with big firm by outsourcing, which help them to expand their market.

2.8.3 Profitability margin

Lau and Hurley (1997) find out that outsourcing has direct relationship with profitability margin, this is due to example that he provided as Chrysler's profit margin increased four times than General Motor (GM) due to outsourcing based on strategic alliance.

2.9 Effects of outsourcing on Domestic Job Market

In America, outsourcing stands as a very important topic for its people. Couple of reports has stated about the importance of the outsourcing in USA which was the political impact and ramifications of

the decisions made by legislative and private sectors cannot be overlooked. While evidence suggests outsourcing and offshoring are beneficial to the American people, it is still viewed with hostility, even viewed as a 'bad word' among leaders like President Obama and the leaders of the AFL-CIO.¹⁹ A Wall Street Journal poll found that 53% of Americans feel that free-trade agreements have hurt the economy, and politicians are quick to embrace this sentiment. This past fall the Senate voted 53-45 to raise taxes on companies who move operations abroad and lower payroll taxes for those who don't. The study revealed that numbers of Americans are now losing their jobs, since big companies moving some of their activities to China to avoid labor costs.

2.9.1 The Boomerang Effect

The boomerang effect is an often overlooked benefit of outsourcing to foreign countries. The jobs that would be served by local individual in a particular country like U.S.A, are now be the main source of income to China and India. According to one longitudinal study (2009), revealed that over 36,000 Americans jobs were lost to China and India due to outsourcing strategy.

2.9.2 Culture Differences

The leading countries to be outsourced are India, Philippines, Thailand, and China. Each of these countries have its culture that are way different from western culture. In addition to these cultural differences which is very essential for communication, there are some other cultural differences potentially damages the business. In 2008, pharmaceutical company Baxter International sold an intravenous biologic anti-coagulant, known widely as heparin that led to several deaths stateside after patients took the contaminated drug¹⁰. Heparin has been in use for over 70 years and is made out of tissue from pig intestine. Baxter 21 International applied its label to the drug after outsourcing the

manufacture to Yuan Intestine & Casing Factory, the first stop in a long chain of a poorly regulated industry in China.

2.9.3 Trends in Outsourcing

This project has precisely come up with practices which are best to be considered before undertaking outsourcing. These practices are:-

- To understand the business core competences and non-core business for outsourcing,
- To identify the suitable vendors strength and weaknesses,
- To measure and asses vendors performance, and
- To undertake outsourcing with the partner by well-defined business contract.

There well known countries for outsourcing as India and China. While nowadays many countries trying to take this opportunity like Poland, Malaysia, Columbia and Costa Rica. These new markets for outsourcing/offshoring activity fall into three categories,

- Business Process outsourcing, Research & Development outsourcing, and Production outsourcing.

2.9.4 Trends in R&D Outsourcing

R& D outsourcing have reduced the trend due to the inherent nature of projects. R&D deemed as a project which lies on long period for pay-back. The particular reason leads companies to stay holds for the investment of longer-term objectives until they are well convinced that the business is sustainable economic recovery. 8 companies were seeking to diversify their risks, they scaled to diversify their projects to foreign countries. India is still the number one destination in 2009, but the

U.S. has seen a surge, rising from sixth place in 2008 to second place in 2009. It is essential to take a note that R&D activities were only to be looked, where on-site R&D to encourage productivity were not put into an account. Similarly, to the sector that deals with production, companies decided to outsource to a market that is closer to home country or more secured market. This was the major factors to make U.S rise from six to second place in the rankings as top destination for stand-alone R&D jobs.

2.9.5 New Phenomena: Home shoring

Home shoring also be known as home sourcing. It is new emerged form of outsourcing. It is the best form to link together outsourcing and telecommunication. Its activities fall directly under outsourcing of business process sector. Home shoring, which seeks decentralization of business activities in order to take advantage of different geography's local labor talents and costs, follows a trend identified in the business process sector. It has some benefits over traditional business process outsourcing which induced by improving global communication networks. Home shoring workers performing their tasks while at their homes, and supplying their own computing and telephone networks. By doing so, helps to cut costs of offices and other fixed cost.

2.10 Chapter summary

There are many studies on effects of outsourcing strategy on project performance, but on this studies we are concerned on how outsourcing projects is successful performed in Tanzania? Literature have shown how outsource can be approached, but without identifying the methodologies that will facilitate the practice to be successfully to both parties. Ultimately, there some researches performed to investigate outsourcing performance implication (Agrawal et al., 2006). Additionally, while consultant try to find out the successful of their approaches, they neglected the implications that can

be caused by their approaches. Very less research have tried to come up with the outcomes after performing outsourcing activities. Lau and Hurley (1997) provides the evidence of outsourcing when recognized that Chrysler's profit margin has gone higher as four times than GM due to outsourcing. Frayer et al. (2000) reported that organizations are now taking outsourcing as a major tool to cut down costs, while increasing quality and gives ability for the company to maintain its competitive advantages. This study's literature particularly with the one concerned with Tanzania DART and NICTBB projects, does not show any experimental investigation to assess benefits as well as effects of outsourcing on the intended strategic goals and functions, simultaneously.

CHAPTER THREE

MATERIAL AND METHODS

3.1 Chapter overview

This chapter provides resources and techniques that used by the researcher to gain research information, research problem, and includes research design, sample size of population, design and procedures, how data have been collected and measurement of research variables. Moreover, data processing, analysis and presentation as well as anticipated problems have also being given a place to explain its procedures to the study.

3.2 Research design

This research used a case study as research design which used quantitative methods. The aim of quantitative approach is to measure incidences so as to show current status and to check the relationships among outsourcing strategy and project performance using the information obtained from the questionnaires. This approach was actually used to portray and explain the events as well as to describe the results gained through findings using interviews and through analysis. The purpose is to allow the research to obtain in-depth information that to be used as exert tool to come up with the solution based on the research findings.

3.2.1: Conceptual Framework and Hypotheses

This sub-chapter describes the overall conceptual research framework and hypotheses. It will also include short explanation of conceptual framework. Ultimately, the chapter will also view the relations or impacts of outsourcing strategy of the independent, control and dependent variables. Moreover, the considerations of the model that will look at what direction the independent variables will be mediated.

A conceptual framework describes the relationships and portrays the types of relationships among the research concepts. Ultimately, a conceptual framework denotes as a direction that provides maximum courses of action to attain the preferred research results. Generally, the concept is being built by the affiliation and defining the inter-relation between the prompted reasons and aim of the study, problem statement and research design of the study. Moreover, the conceptual framework of this study will be undertaken by clarifying the nature and scope of this study. It can also be developed through the basis of theoretical issues and the possible accessible, available and reliable literature.

After having a close glance and reviewing the previous literature, the dependent variables tested by Kamyabi & Devi, (2011) were deemed to be most essential for current research. This research will focus to find out which factors (independent variables) have importance influence on accounting outsourcing (mediating variable) and outsourcing success (dependent variable) on effect of outsourcing strategy on project success in Tanzania.

This analytical will only be used to assess the relationship of these dependent and independent variables, after the analysis of the benefits and effects of the outsourcing strategy. The purpose is to

come up with benefits obtained from outsourcing and the effects faced by DART & NICTBB. Moreover, to weigh up the enjoyed the most by these project and to advice on the variables that have not been achieved.

Dependent variables

Independent variable

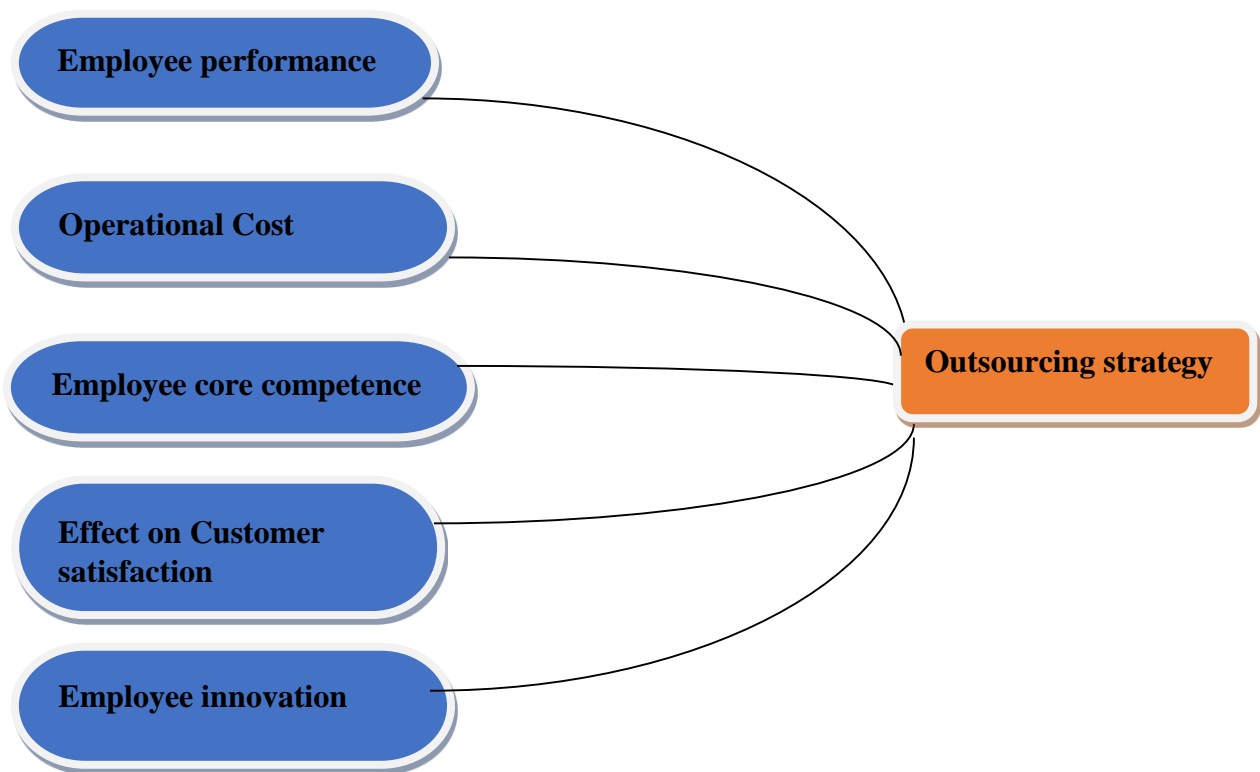


Figure 2.0: Conceptual Frame work

3.3 Target Population

Population is defined as a complete set of individuals, cases or objects with some common observable characteristic, (Mugenda & Mugenda, 2003). Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well-defined or set

of people, services, elements, and events, group of things or households that are being investigated to generalize the results. This study will target the population of 200 people.

3.4. Research model

The importance of literature review is to formulate the mode that the research will undertake, same time to allow the reliable survey questionnaires that will suit the research study based on different research dimensions. Figure 3.1 briefly illustrates the process flow of literature review and outsourcing strategy and project performance to develop the research model.

3.4.1 Analytical model of the research

In this study, the prompted factors have to be surveyed by using more than two projects in the field of DART and NICTBB in Tanzania. We used control variables such as uniformity among productions and activities, outsourcing records with activity records, so as to achieve exact results. We selected couple of projects as statistical population. The model of analytical being used here is in the next figure. The variable on functional-goal are cost reduction, flexibility, quality enhancement, and services. The aspects of organization function are mainly including financial function and non-financial function.

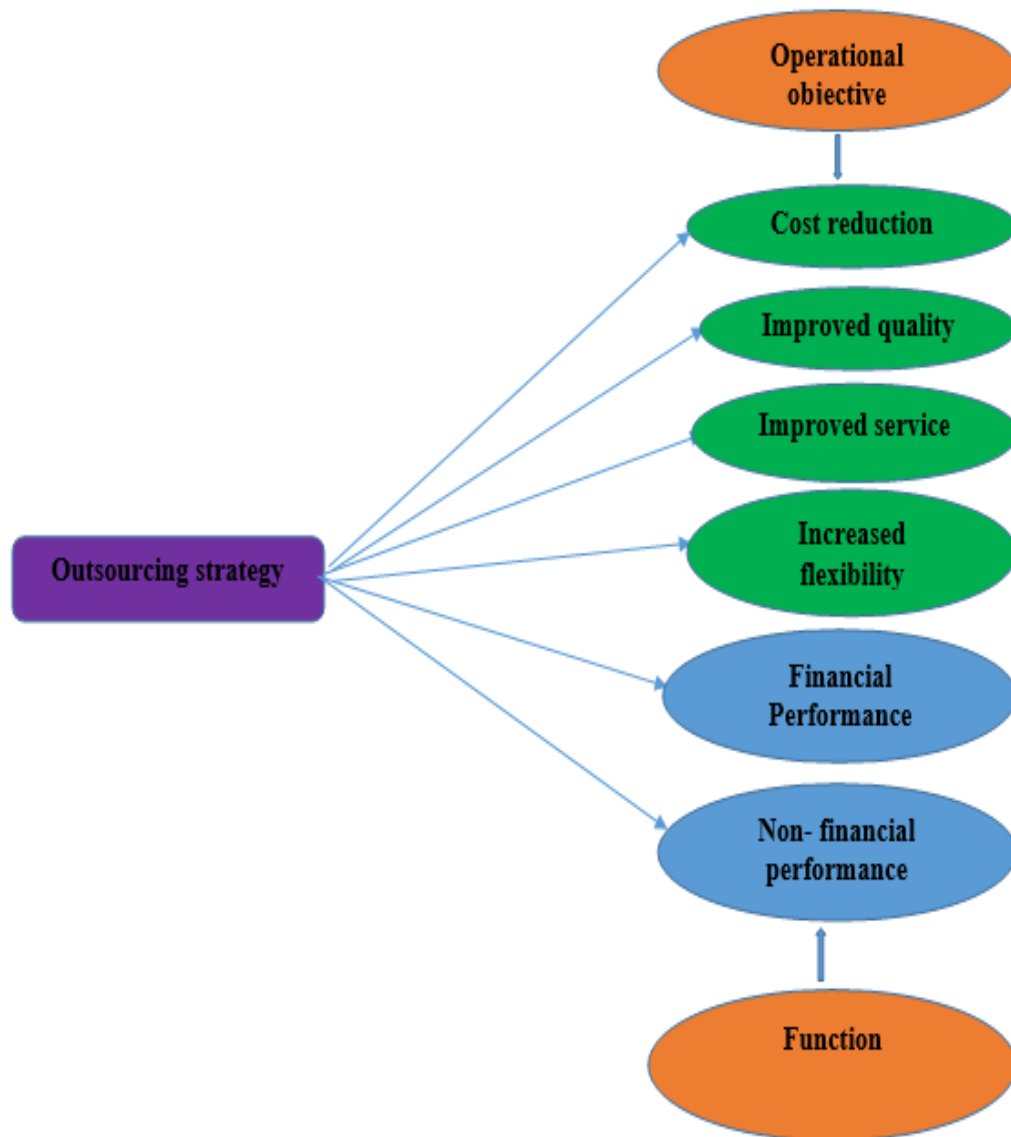


Figure 2.1: The analytical model

3.4.2 The hypotheses

H1: Outsourcing strategy on activities and operations facilitate a positive outcomes on the operation objectives “**improved service**”.

H2: Outsourcing strategy on activities and operations exert a positive outcomes on the operations objective “**cost reduction**”.

H3: Outsourcing strategy on activities and operations facilitate a positive outcomes on the operations objective “**improved quality**”.

H4: Outsourcing strategy on activities and operations facilitate a positive outcomes on the operations objective “**flexibility**”.

H5: Is outsourcing directly associates to improve organization function

3.4.3 Grouping of Benefits and Effect of Outsourcing Strategy on Project Performance (BEOSPP) and project performance to factor groups

To facilitate the data analysis later, these outsourcing strategy factors were categorized into several factor groups. As in accordance with the literature review, the grouping of factors was done so that the cause-effect relationships between the factor groups could be easier to be observed (Belassi and Tukul 1996, Ika, Diallo and Thuillier 2012).

Belassi and Tukul (1996) also suggested that grouping of **BEOSPP** into factor groups and studying the correlation provides clearer results on how the factor groups are related to project performance. This will help the project practitioners and management team to adopt the model and focus on the factor groups and its factors that are critical for their projects from a macro (factor group) and micro (individual BEOSPP) perspective. This model would also enable project practitioners and other relevant stakeholders to identify if project performance is more related to certain factor group as compared to the others.

3.4.3.1 Organization factor group

In this aspect of organization factor, the significance of achieving outsourcing strategy relies on the support from top management so as to achieve project performance. However, project involve numbers of stakeholders whose act as a catalyst to support project throughout the project life. Project management should have clear objectives that lead the execution of the project. It is always believed that the determination of appropriate project objectives by top management will make the overall project team to be in the adherence of project requirements and priorities. This leads to agreement of project processes and procedures in the organization which facilitate the project to be undertaken in a consistent assurance processes that acts as a roadmap to project management as envisioned by the organization. Ultimately, organization management have to assess the processes and analysis on the risk management procedures to achieve project performance. Moreover, risks is inevitable in any project, to identify risks in a very initial stage of the project it minimize the rate of encounter any huge threat that leads to project failure in the future. Risks must be managed proactively and continuously in-order to add value to project objectives by enabling the easy possible way to identify other opportunities throughout the processes. Resources are normally be controlled in an organizational level, this is due to decision making and advices, training plan, and development plan towards the resource allocation and assigning man power to project team is being done by top organizational management in order to ensure the competency of the project team on the particular project tasks. Training is often managed by the functional manager in the organization and the budget for the training and overall project is approved by the top management.

3.4.3.2 Project factor group

Project related factors is an essential aspect to a successful project completion. Project managers must be competent and skilled enough to direct and lead the project to a successful project performance and

delivery. One of the best skills to be weighted to project manager, is communication skill that makes him or her to integrate and coordinate the project stakeholders. Communication plan for a project must be developed by the agreement of both top management with their project team. This leads to communicate transparently among internal and external stakeholders so as to avoid unnecessary project costs and delays in terms of cost, time and quality. To make project successful must include the realistic project plans which developed and agreed by both parties. The plans must be consulted and updated frequently in order to track the potential slippages and bottlenecks that are more likely to face the project. However, project must be in a safe side from an unnecessary risks by having adequate budgets and other necessary resources. Also, project management must develop the plans with the reference of the benchmarking information to project as to guide the project activities. Benchmarking is important as to develop a robust project plan and budget for the project. Another aspect is project management methodologies, tools and techniques are essentials to be used to manage project consistently and adherence of the industry's best practices to manage project throughout the project life cycle. This makes the use of **PMBOK** project processes to work even better than the use of local methods that are based on the experience of the management. Controlling and monitoring of the project in due respect to cost, schedule, quality and safety, is directly be the concern.

Changes in project is always believed to be an unavoidable act in the implementation of the project. Due to this, change management should have a close consideration during the implementation of the project. In-order to make this work, management should establish the criteria for change request and to make project team aware so as to minimize the impacts to project priorities and objectives due to changes. To influence the minimization of changes is by agreeing the technical specification and using familiar technologies, this will lead to successful project deliverables.

Project management should also look forward to best ways possible to attain current project objectives. By having the tendency to use lesson learned, will be useful to avoid same pitfall occurred in the previous projects. Most of project scope is done by the external core professionals as consultants, contractors, and suppliers. Lesson learned actually provides the greater benefits in securing the best professional individual based on the previous results that being conducted by these core stakeholders. End-user of the project are very significant factor to make project works better. The involvement of their input and participation leads the integration of the project activities to produce the best product with the consideration of both parties' resources and profits among each other. Effective management of complexity of all the aspects related to the project including project size, value and uniqueness needs good integration of all the components (stakeholders, processes, procedures etc.) so that all these components react positively in ensuring a project performance.

3.4.3.3 Environment factor group

In this aspect, environment is usually an external factors in the project but plays major role to project to either successful completion or successful failure of the project. Economic, political as well as social climate is crucially significant aspect to be considered especially in a country that is foreign to host organization.

Political leaders are an external stakeholders who are very powerful people that can sometimes their decision may impinge the project unsuccessful or can lead to successful result of a project.

Time approvals to permit the project to be undertaken by particular country's government are very significant to make the project to start and finish on time.

Developing the society needs (priority infrastructures) during project execution may be an essential factor to raise good relationship among project management with the society where project will be

held. This will help to make positive reputation towards stakeholders and will help to make project sustainable by providing safety environment.

Availability of competent service providers (consultants/suppliers) is important to safeguard project schedule and cost. As many other organizations will be competing with the limited resources, securing and maintaining these resources are equally important. Conducive economic climate is important as it will help ease the risk of inflation for the project cost.

3.5 Research Strategy

The research strategy adopted by this research is quantitative strategy. Quantitative research is based on research questions and/or hypothesis and considered very 'objective' in nature. Quantitative data are tangible and reliable (Bryman, 1998). The research questions/hypothesis is tested based on a number of variables and measured with statistical procedures to determine whether the research question/hypothesis is true (Naoum, 2007).

Creswell (2003) suggests that quantitative method is applicable when the researcher wants to test or verifies theories or concepts, identify variables to study, relates variables questions or hypotheses, uses unbiased approaches and employs statistical process and procedures to analyze the data.

Quantitative method is also the better choice especially when the subject or topic is well known (Rattray and Jones 2007). Since benefit and effect of outsourcing strategy on project performance are well researched topic by other researchers therefore it is deemed acceptable to use quantitative method for this research. It is hoped that quantitative methodology used in this research is able to generate hard and reliable data and provide facts to test and confirm the relationship between the research questions and the research objectives.

3.6 Sampling Procedure

Stratified random sampling technique have been used to select the population sample. This technique produced estimates of overall population parameters with greater precision. The research will group the population into strata. From each stratum the researcher will use simple random sampling to select maximum respondents. Since this category of the target population is not that big, the sample size will be two hundred respondents (200).

3.6.1 Sample size determination

The sample size have been calculated, by using single population proportion formula will be 200 household. In computing sample size to achieve adequate precision, the sampling error/precision of the study will be 95% confidence interval as show below formulae;

$$\text{Sample size (n)} = \frac{\{Z^2 P(1 - P)\}/e^2}{1 + \{Z^2 P(1 - P)\}/e^2 N}$$

Whereas;

n = Sample size

N= Population from Kinondoni 200

P = The study pilot studies ie 15%.

Z = Z-score thus CI 95% with Z- score 1.96

E = Marginal error thus is 5%

3.7 Data Source and Type

This study used couple of data sources, which were primary and secondary data. Primary data was been used by collecting data from the field using questionnaires and secondary data was collected from readymade and published records such as journals, manuals, textbooks, magazines, and internet.

3.7.1 Data collection methods

Data was been collected by using online questionnaire method and document analysis.

3.7.2 Questionnaire development

A questionnaire was developed to facilitate systematic data collection from the respondents. The questionnaire was designed based on extensive literature reviews from relevant textbooks, professional journals, conference papers, research reports, information from the Internet and also inputs from industry experts. The survey was constructed so that the respondents can rate their agreement on importance of the critical success factors and its impact to project success.

The rating scale that was used was a five-point Likert scale. Which is been demonstrated in the Table below.

Table of likert scale

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

Likert scales are designed to measure fixed choice responses such as attitudes or opinions. The ordinal scale above measures the levels of disagreement to agreement. A Likert scale assumes that the scale is linear therefore the responses can be measured. Benefits and effect of outsourcing strategy can be determined through this Likert scale although it cannot be determined whether the value between the 5 point scales is equally distributed.

3.7.3 Validity

It is very significant to perform the validity of the questionnaires. Validity call attention whether a questionnaire is measuring what it is supposed to measure (Nunnally and Bernstein 1999). There are various sorts of validity that are essential for research processes, which are:

- **Content validity** (face validity): Refers to how a test measures an intended content area and how well the content area have been categorized for the tests. There are few possible ways to achieve content validity i.e. through literature review, inputs from DART and NICTBB experts and feedback from pilot survey.

- **Construct validity**: Construct validity refers to whether the concepts and theoretical assumptions are measured correctly as desired by the researcher. The content validity (face validity) has been addressed in this research through literature review. Also industry expert's opinions were obtained on the proposed concepts of the questionnaire. Feedbacks from pilot survey were also incorporated to make minor adjustment to the description of the questionnaire in consultation with the project experts.

According to Narver and Slater (1990), construct validity is established when the correlations among variables is consistent with the predicted theory. The author has examined construct validity with simple correlation based on the pilot survey data. All the factor groups were computed to be positive and strongly correlated.

3.7.3.1 Reliability

Reliability refers to proficient assessment of the research methodology's results in order to produce same results or close with the results obtained from the research over and over again. Reliability is different from validity as reliability means measuring something consistently (Nunnally and Bernstein 1999). Golafshani (2003) defined reliability as the degree to which verdict/results are steady or

consistent overtime. Kothari (2007) defined reliability as the extent to which data collection process yields consistent results. In addition, Saunders *et al* (2007) argued that the term reliability meant to what extent does the repeated measurement of the same object, using the same instrument, yields the same or very similar results. Miller *et al* (2002) confirmed that Cronbach's alpha (α) should be at least $0.7 > \alpha \geq 0.6$ is Acceptable, while $0.9 > \alpha \geq 0.8$ is Good and $\alpha \geq 0.9$ is Excellent to retain variables in adequate scale.

For this study, reliability tests was conducted on **Cronbach Alpha** (α) scale to measure internal reliability of all the questionnaire items to establish the consistency of the questionnaire items and the results obtained is **0.919** with 9 items .

3.7.4 Document Analysis

The review of this study was for the existing information and relevant materials which related with the research problems and variables in-form of journals, websites, databases and reports so as to gain relevant information of the topic.

3.7.5 Data Processing, Analysis and Presentation

The study used one of the analysis types, which was quantitative analyses. The detailed explanation of this tool and technique is in due next sub-sections.

3.7.5.1 Quantitative Analysis

In this dimension, data was collected, edited and coded by using (SPSS) which stands for Statistical Package for the Social Sciences. Couple types of analyses was computed. The way include descriptive statistics (frequencies and percentages) and the second was inferential statistics (correlations). The frequencies and percentages was used to determine the respondents' views on each

of the study variables. Spearman's correlation was used to test for significant relationships between the variables.

3.8 Data Analysis Procedures:

Once data has been successful collected, coded and fed to sheet of excel in-order to make easier for other tasks. The scores by respondents was summarized from answer sheet, and made them organized for analysis. After that analysis of data was ranging from descriptive to inferential with multiple correlations analysis was done using the SPSS statistical package. The significance of the relationship between outsourcing success and explainable variables. The statistical significance of the correlation coefficients values will compare to absolute values of the correlation coefficients. **Finally**, all these were being followed by the significant clarification and discussions in-order to attain the desired goals.

$$OST = \alpha_0 + \alpha_1 EI + \alpha_2 OC + \alpha_3 EC + \alpha_4 OP + \alpha_5 CS + \ell \dots \dots \dots (1)$$

Whereas,

- OST = Outsourcing Strategy
- EI = Employee Innovation
- OC = Operational cost
- EP = Employee Performance
- EC = Employee core competence
- CS = Effect on customer satisfaction
- e = A term error

CHAPTER FOUR

4.0 DATA INTERPRESENTATION, ANALYSIS OF DATA AND DISCUSSION OF FINDINGS

4.1 Overview

This section provides data analysis and discuss the findings for the objectives in the first chapter. It starts by presenting data collected from the project. It proceeded by providing analysis of what was found in the project and finalise by providing discussion though making comparison with what other scholars have found in their studies.

4.2 Reliability Analysis

For this study, reliability tests was conducted on **Cronbach Alpha** (α) scale to measure internal reliability of all the questionnaire items to establish the consistency of the questionnaire items.

The result obtained have revealed that, the study is reliable since the score of cronbach's alpha, cronbach's alpha based on standardized items and number of items are 0.919, 0.935, and 9 respectively. The findings shows that the reliability is excellent by the due value of $\alpha \geq 0.9$. This means that the questionnaires are excellent to retain variables in adequate scale.

Case Processing Summary			
		N	%
Cases	Valid	106	100.0
	Excluded ^a	0	.0
	Total	106	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.919	.935	9

ANOVA with Friedman's Test

		Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People		933.049	105	8.886		
Within People	Between Items	336.472 ^a	8	42.059	302.539	.000
	Residual	606.639	840	.722		
	Total	943.111	848	1.112		
Total		1876.160	953	1.969		
Grand Mean = 3.52						
a. Kendall's coefficient of concordance W = .179.						

4.3 Interpretation of Results

4.3.1 Presentation of the Descriptive statistics of Respondent's Biographical data

Table 4.1 summarizes the descriptive percentage of the respondent's demographic factors including (age, gender, marital status, academic qualifications and working experience). The study findings shows that great numbers of the respondents (50.9%) were aged between 31-40 years followed by (33.0%) who aged between 41-50 years. Others (10.4%) were aged between 21-30 years while few of the respondents aged above 61 years (0.9%). Sample included (58.5%) male respondents and (41.5%) female respondents.

Regarding marital status, the findings revealed that 19 (17.9%) of total respondents were single, 85(80.2%) were married respondents. In addition, no respondents were from the group of divorced while 2(1.9%) were widows/widower. Majority of respondents were educated, results found that 4(3.8%) had a qualification of certificate. 15(14.2%) were a diploma holder, 31(29.2%) of respondents were university graduates and 48 (45.3%) were master degree holders. only 8 (7.5%) of the respondents were having PhD degree. In terms of length of service most of the responded 72 (67.9%) have working with DART and NICTBB between 5-10 years.

Table 4.1: Descriptive statistics of Respondent's Biographical data

Description	N	Percentage
Age		
21-30	11	10.4
31-40	54	50.9
41-50	35	33.0
51-60	5	4.7
61+	1	0.9
Gender		
Male	62	58.5
Female	44	41.5
Marital status		
Single	19	17.9
Married	85	80.2
Divorced/Divorcee	0	0.0
Widow/Widower	2	1.9
Academic qualifications		
Certificate	4	3.8
Diploma	15	14.2
Bachelor degree	31	29.2
Master degree	48	45.3
PhD degree	8	7.5
Working experience		
Less than 5 years	12	11.3
5-10 years	72	67.9
11-15 years	9	8.5
Above 15 years	13	12.3

4.3.2 Data interpretation on benefits of outsourcing Strategy on DART and NICTBB

Table 4.2: Participants job position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Driver from DART	20	18.9	18.9	18.9
	Electrical engineer from NICTBB	4	3.8	3.8	22.6
	Consultants from DART	6	5.7	5.7	28.3
	Contractor from NICTBB	10	9.4	9.4	37.7
	Clients from DART 47% and 53% from NICTBB	56	52.8	52.8	90.6
	Management from DART	6	5.7	5.7	96.2
	Management from NICTBB	4	3.8	3.8	100.0
	Total	106	100.0	100.0	

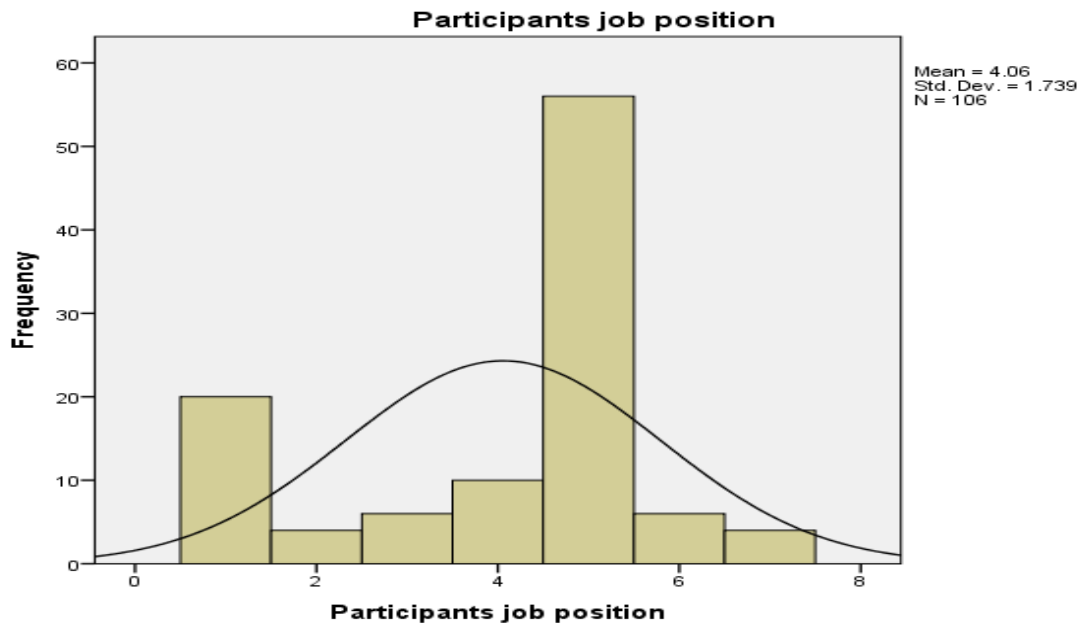


Figure 4.1 Participants job position

The author find that, participant of job position were 56(52.6%) of clients, 20(18.9%) were driver for DART, 10(9.4%) were contractors, while 6(5.7%) were Management from DART and Consultation, 4(3.8%) were Electrical engineer and Management from NICTBB. This implies that, clients are more participant on this project compared to other stake holders.

Table 4.2.1: Outsourcing has led to cost reduction in this projects

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	15.1	15.1	15.1
	Disagree	3	2.8	2.8	17.9
	Not sure	8	7.5	7.5	25.5
	Agree	47	44.3	44.3	69.8
	Strongly agree	32	30.2	30.2	100.0
	Total	106	100.0	100.0	

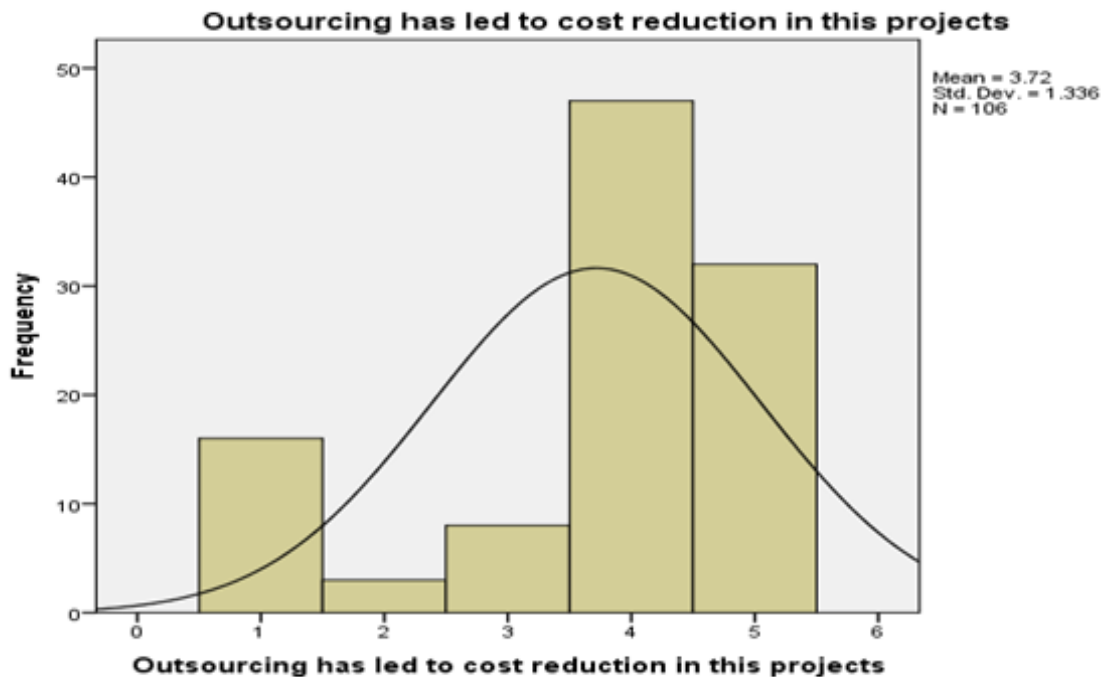


Figure 4.1.1: Outsourcing has led to cost reduction in this projects

The above table 4.2.1 and figure 4.1.1 classified that, the respondents 47(44.3%) agree to the question,

32(30.2%) were strongly agree, while 16(15.1) were strongly disagree, 8(7.5%) were not sure from the question and 3(2.8%) were disagree, hence the finding implies respondents were agree that, outsourcing benefits the project in terms of cost reduction.

Table 4.2.2: Outsourcing improves cost management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	11.3	11.3	11.3
	Disagree	15	14.2	14.2	25.5
	Not sure	3	2.8	2.8	28.3
	Agree	37	34.9	34.9	63.2
	Strongly agree	39	36.8	36.8	100.0
	Total	106	100.0	100.0	

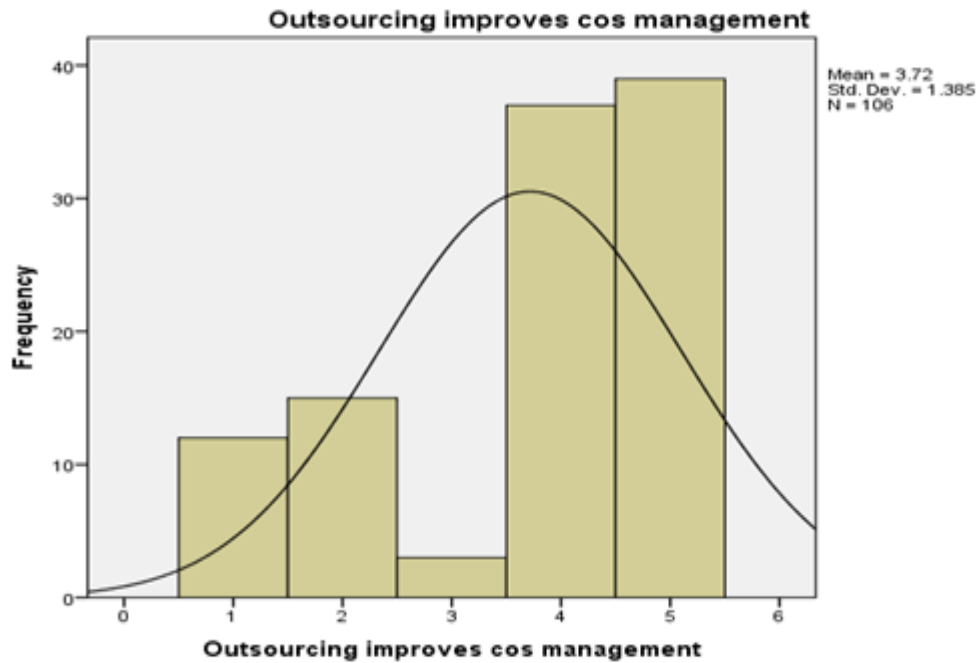


Figure 4.1.2: Outsourcing improves cost management

The finding indicates in above table 4.2.2 and figure 4.1.2 that, respondents whose were strongly agree are 39(36.8%), while 37(34.9%) were agree, 15(14.2%) were disagree, 12(11.3%) were strongly

disagree and 3(2.8%) were not sure. Therefore, outsourcing on projects benefits in term of cost management.

Table 4.2.3: Outsourcing encourages employee innovation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	40	37.7	37.7	37.7
	Disagree	13	12.3	12.3	50.0
	Not sure	1	.9	.9	50.9
	Agree	52	49.1	49.1	100.0
	Total	106	100.0	100.0	

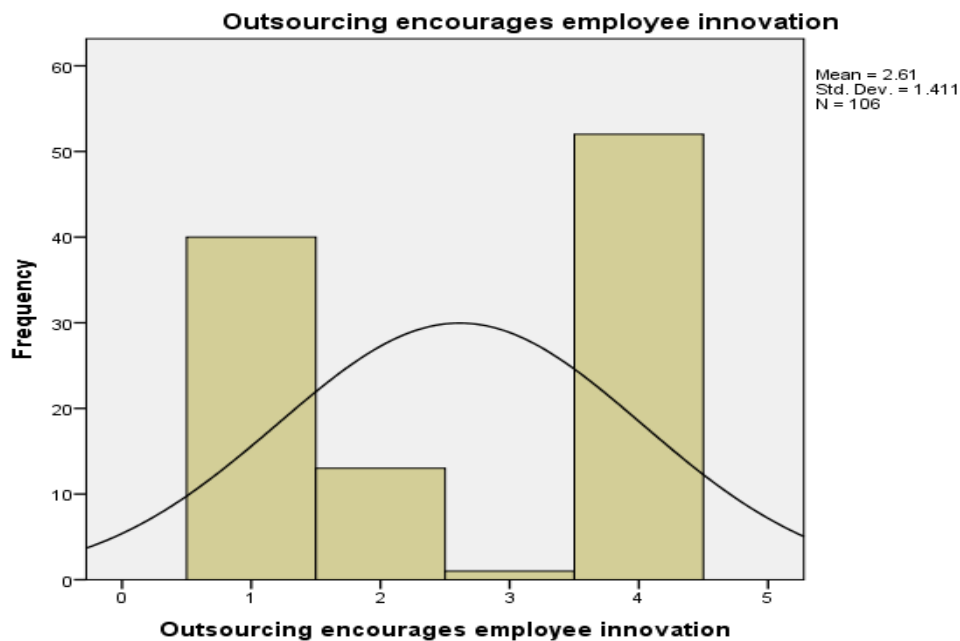


Figure 4.1.3: Outsourcing encourage employee innovation

The author in the table 4.2.3 and figure 4.1.3 above found that, 52(49.1%) respondents agree on the benefits of employee innovation, 40(37.7%) are strongly disagree from the question, 13(12.3%) are disagree of the employee to have innovation as a benefit from outsourcing, and 1(0,9%) respondent

were not sure. Hence from that results outsourcing strategy benefit employee for the project in term of innovation.

Table 4.2.4: Outsourcing has helped to increase productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	.9	.9	.9
	Disagree	10	9.4	9.4	10.4
	Agree	56	52.8	52.8	63.2
	Strongly agree	39	36.8	36.8	100.0
	Total	106	100.0	100.0	

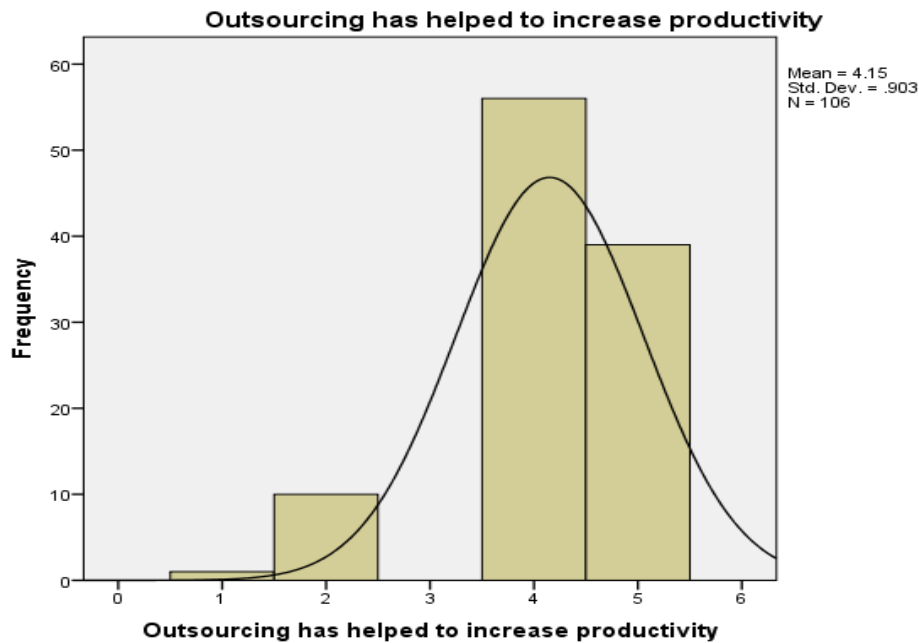


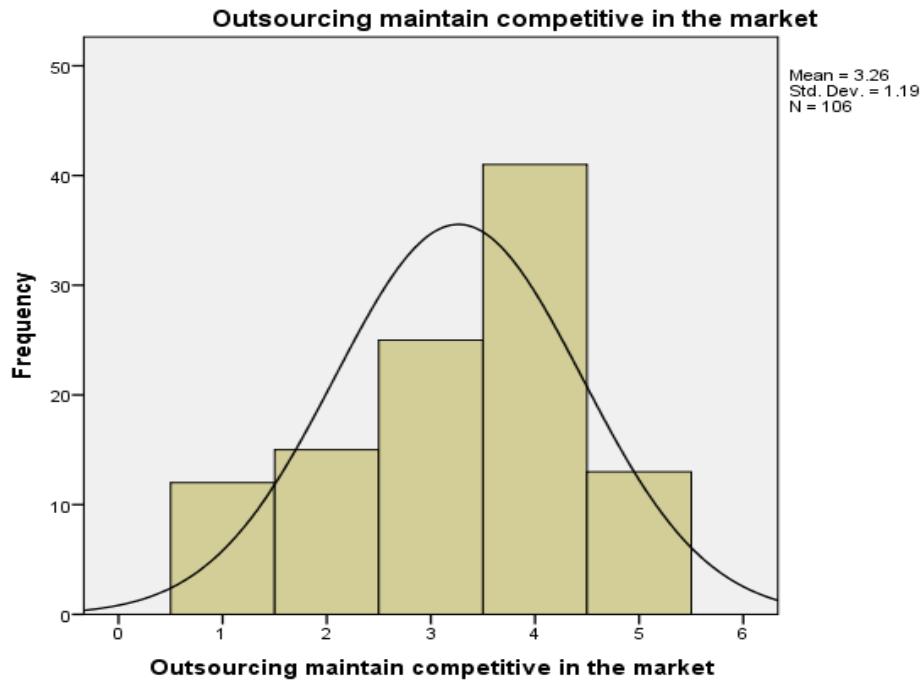
Figure 4.1.4: Outsourcing has helped to increase productivity

Table 4.2.4 and figure 4.1.4 above shows that, 56(52.8%) of respondents agree, 39(36.8%) are strongly agree, while 10(9.4%) are disagree and 1(0.9%) are strongly disagree from the question.

Therefore, outsourcing strategy helped to increase productivity on the project.

Table 4.2.5: Outsourcing maintain competitive in the market

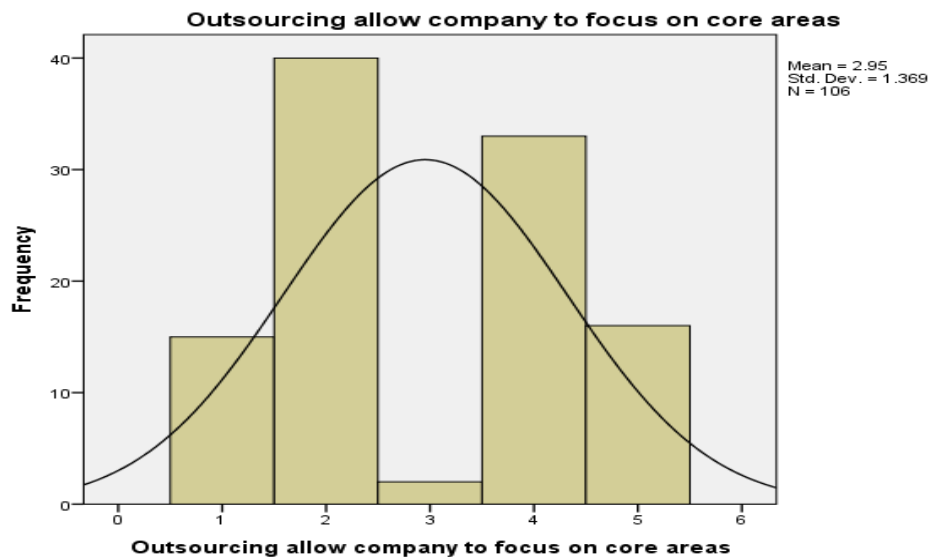
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	11.3	11.3	11.3
	Disagree	15	14.2	14.2	25.5
	Not sure	25	23.6	23.6	49.1
	Agree	41	38.7	38.7	87.7
	Strongly agree	13	12.3	12.3	100.0
	Total	106	100.0	100.0	

**Figure 4.1.5: outsourcing maintain competitive in the market**

The results from table 4.2.5 and figure 4.1.5 above shows that, 41(38.7%) of respondents were agree to benefit of the project on how to it maintain market, 25(23.6%) were not sure, 15(14.2%) were disagree to the question, while 13(12.3%) were strongly agree and 12(11.3%) respondents were strongly disagree. Therefore, the project whose outsource will benefits from market competitive.

Table 4.2.6: Outsourcing allow company to focus on core areas

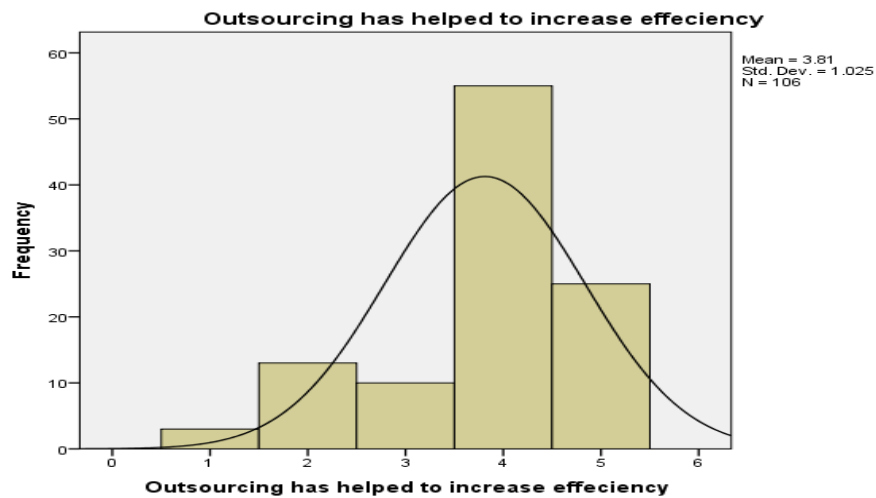
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	15	14.2	14.2	14.2
	Disagree	40	37.7	37.7	51.9
	Not sure	2	1.9	1.9	53.8
	Agree	33	31.1	31.1	84.9
	Strongly agree	16	15.1	15.1	100.0
	Total	106	100.0	100.0	

**Figure 4.1.6: Outsourcing allow company to focus on core areas**

The table 4.2.6 and figure 4.1.6 above shows that, 40(37.7%) of respondents disagree, 33(31.1%) agree, 16(15.1%) respondents strongly agree, while 15(14.2%) are strongly disagree and 2(1.9%) were not sure. Hence majority of respondents disagree on the benefit obtained from outsourcing strategy in term of a company to focus on core areas.

Table 4.2.7: Outsourcing has helped to increase efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	2.8	2.8	2.8
	Disagree	13	12.3	12.3	15.1
	Not sure	10	9.4	9.4	24.5
	Agree	55	51.9	51.9	76.4
	Strongly agree	25	23.6	23.6	100.0
	Total	106	100.0	100.0	

**Figure 4.1.7 Outsourcing has helped to increase efficiency**

The analysis on table 4.2.7 and figure 4.1.7 above shows that, 55(51.9%) of respondents were agreed on the outsourcing benefits, 25(23.6%) were strongly agree, 13(12.3%) were disagree, while 10(9.4%) were not sure and 3(2.8%) were strongly disagree. Therefore, from this results, if company outsourcing will benefit and increase efficiency.

Table 4.2.8: Outsourcing has helped to improve infrastructure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	5.7	5.7	5.7
	Disagree	8	7.5	7.5	13.2
	Not sure	32	30.2	30.2	43.4

	Agree	36	34.0	34.0	77.4
	Strongly agree	24	22.6	22.6	100.0
	Total	106	100.0	100.0	

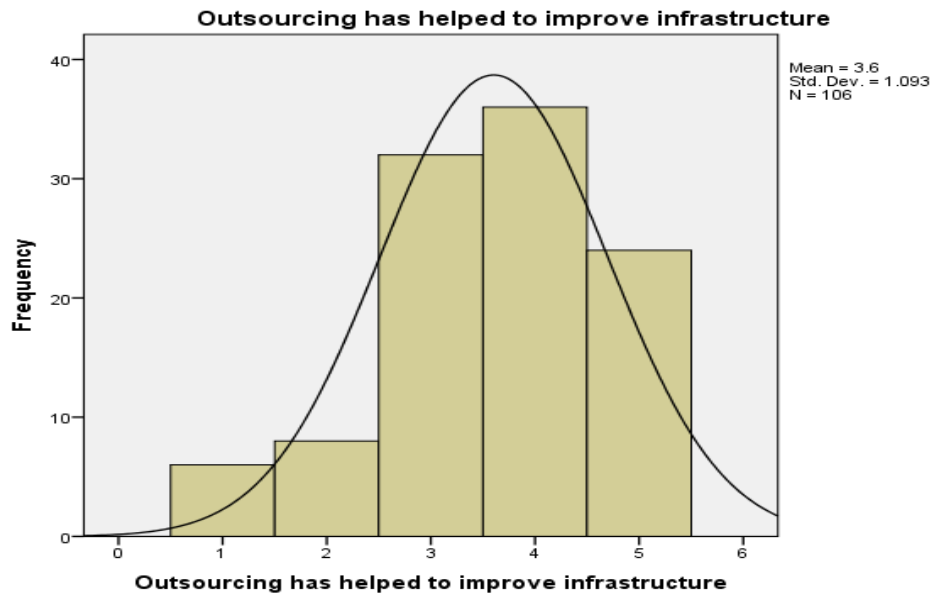


Figure 4.1.8: Outsourcing has helped to improve infrastructure

From table 4.2.8 and figure 4.1.8 above, 36(34%) of respondents agreed, 32(30.2%) were not sure with the question, 24(22.6%) strongly agree, while 8(7.5%) respondents disagree and 6(5.7%) strongly disagree. Therefore, outsourcing strategy benefit DART and NICTBB projects in term of infrastructure.

Table 4.2.9: Outsourcing has helped to improve Technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	4.7	4.7	4.7
	Disagree	11	10.4	10.4	15.1
	Not sure	3	2.8	2.8	17.9
	Agree	52	49.1	49.1	67.0

	Strongly agree	35	33.0	33.0	100.0
	Total	106	100.0	100.0	

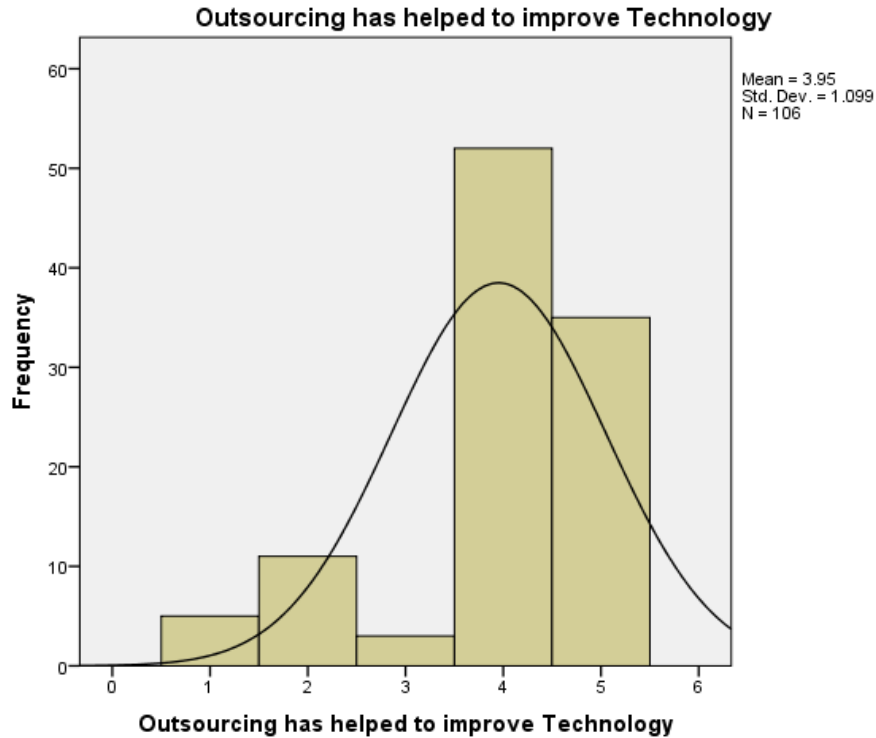


Figure 4.1.9: outsourcing has helped to improve technology

The results on table 4.2.9 and figure 4.1.9 above shows that, 52(49.1%) of respondents agreed, 35(33.0%) were strongly agreed, while 11(10.4%) of respondents disagreed, 5(4.7%) of respondents strongly disagreed, and 3(2.8%) were not sure. Therefore, author declare that, if the DART and NICTBB project outsourcing, has to benefit and technology will be improved.

Table 4.2.10: Outsourcing strategy helps a firm to access to skilled resource

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	5.7	5.7	5.7
	Disagree	14	13.2	13.2	18.9
	Not sure	26	24.5	24.5	43.4

	Agree	30	28.3	28.3	71.7
	Strongly agree	30	28.3	28.3	100.0
	Total	106	100.0	100.0	

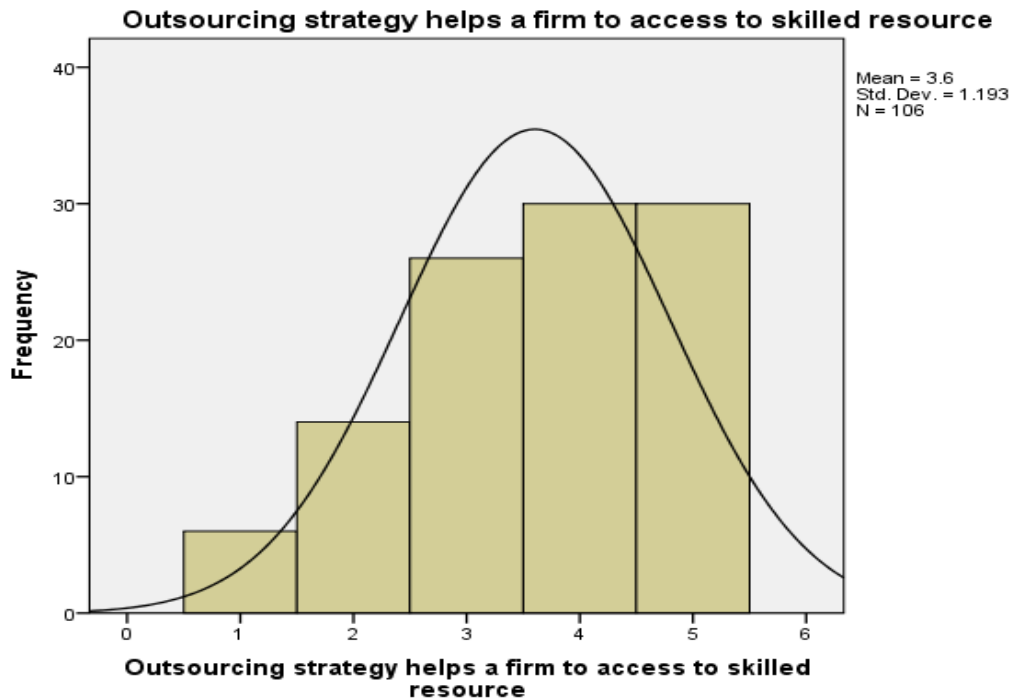


Figure 4.1.10: Outsourcing strategy helps a firm to access to skilled resource

The finding on above figure and table 4.2.10 tell us that, majority of respondents both agreed and strongly agreed for 30(28.8%), while 26(24.5%) respondents were not sure, 14(13.2%) were disagreed on the question and 6(5.7%) were strongly disagreed. Therefore the two project benefits on access to skilled from the expert outsourced.

Table 4.2.11: Outsourcing strategy provide faster and offer better service to user

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	11	10.4	10.4	10.4
	Disagree	5	4.7	4.7	15.1
	Not sure	20	18.9	18.9	34.0

	Agree	33	31.1	31.1	65.1
	Strongly agree	37	34.9	34.9	100.0
	Total	106	100.0	100.0	

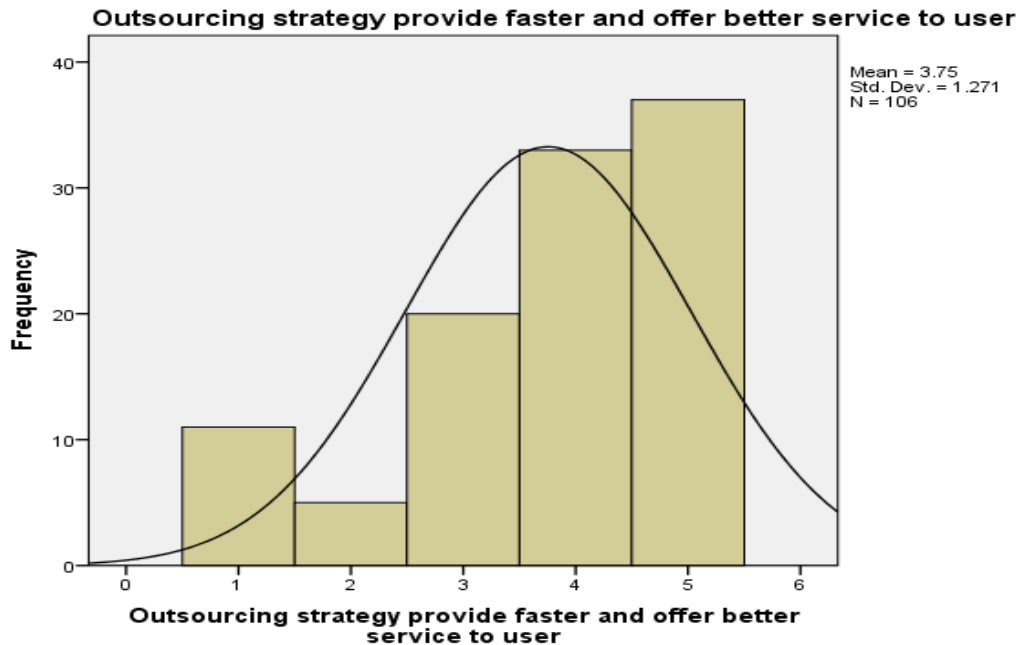


Figure 4.1.11: Outsourcing strategy provide faster and offer better service to user

In table 4.2.11 and figure 4.1.11 above shows that, 37(34.9%) of respondents were strongly agreed, 33(31.1%) were agreed, while 20(18.9%) were not sure, 11(10.4%) strongly disagreed and 6(4.7%) were disagreed. Therefore, the two project of DART and NICTBB has benefited on providing faster and better service to users.

Table 4.2.12: Outsourcing strategy helps to share risk

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	21	19.8	19.8	19.8
	Disagree	46	43.4	43.4	63.2
	Not sure	14	13.2	13.2	76.4

	Agree	21	19.8	19.8	96.2
	Strongly agree	4	3.8	3.8	100.0
	Total	106	100.0	100.0	

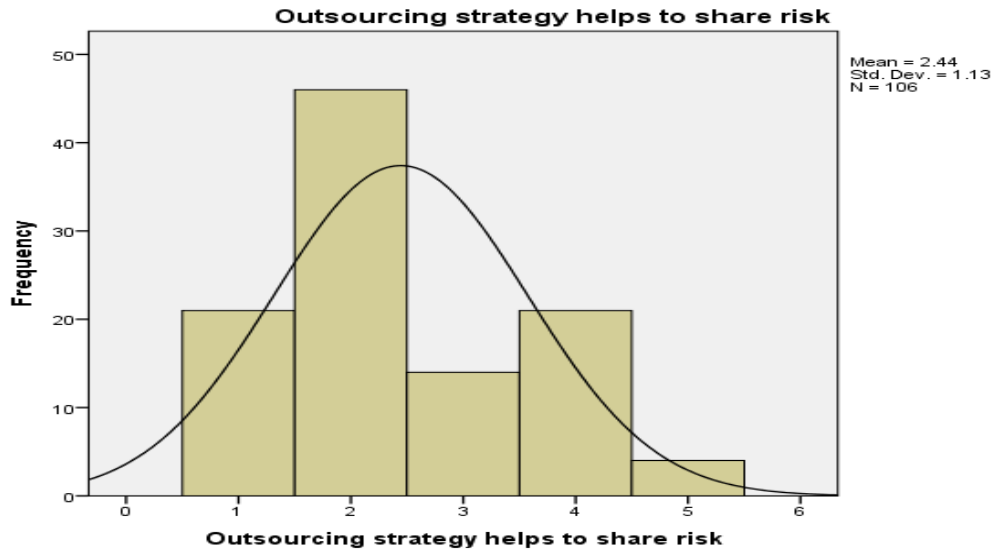


Figure 4.1.12: Outsourcing strategy helps to share risk

The results from table 4.2.12 and 4.1.12 above shows that, 46(43.4%) respondent were disagreed, 21(19.8%) were both strongly disagreed and agreed, while 14(13.2%) were not sure and 4(3.8%) were strongly agreed. Therefore, the two projects thus DART and NICTBB will not benefit on risk sharing if it outsourced.

Table 4.2.13: Outsourcing strategy facilitate flexibility to change

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	10	9.4	9.4	9.4
	Disagree	16	15.1	15.1	24.5
	Not sure	7	6.6	6.6	31.1
	Agree	43	40.6	40.6	71.7
	Strongly agree	30	28.3	28.3	100.0

Total	106	100.0	100.0
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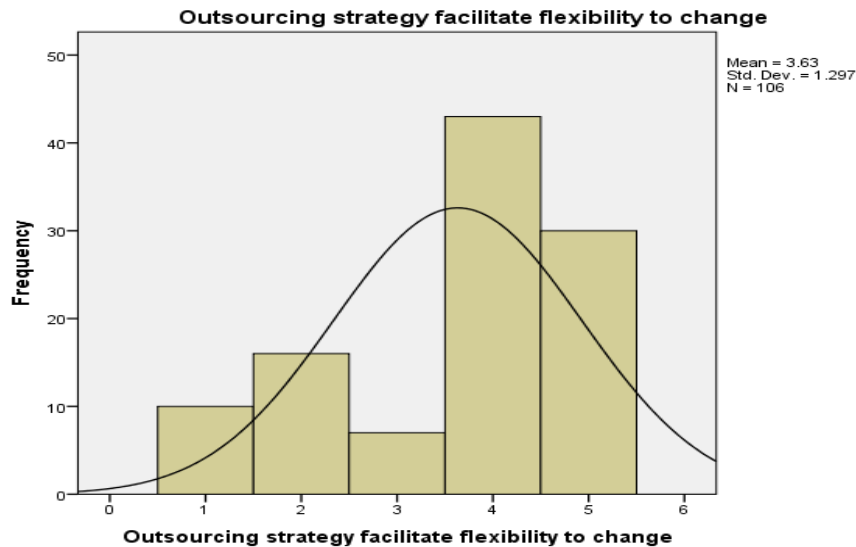


Figure 4.1.13: Outsourcing strategy facilitate flexibility to change

Table 4.2.13 and figure 4.1.13 above shows that, 43(30%) of respondents were agreed, 30(28.3%) were strongly agreed, while 16(15.1%) of respondents disagreed, 10(9.4%) were strongly disagreed and 7(6.6%) were not sure. Therefore, DART and NICTBB project benefit and will facilitate flexibility to change.

4.3.2: Data interpretation on Effects of outsourcing Strategy in DART and NICTBB

Table 4.2.14: Outsourcing has helped this project to focus on human resource

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	10	9.4	9.4	9.4
	Disagree	11	10.4	10.4	19.8
	Not sure	5	4.7	4.7	24.5
	Agree	48	45.3	45.3	69.8
	Strongly agree	32	30.2	30.2	100.0
	Total	106	100.0	100.0	

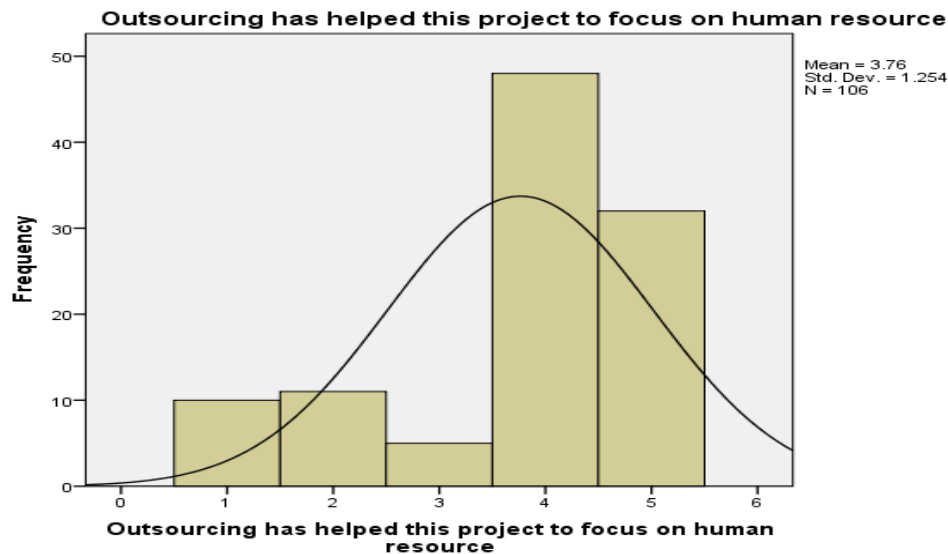


Figure 4.1.14: outsourcing has helped this project to focus on human resource

The author found on table 4.2.14 and figure 4.1.14 above that, 48(45.3%) respondents agreed that DART and NICTBB projects has effect, 32(30.2%) were strongly agreed, 11(10.4%) were disagreed, while 10(9.4%) were strongly disagreed and 5(4.7%) were not sure. Therefore, since the majority of respondents agreed that DART and NICTBB project has effect on human resource.

Table 4.2.15: Does outsourcing decrease in customer satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	35	33.0	33.0	33.0
	Disagree	40	37.7	37.7	70.8
	Not sure	5	4.7	4.7	75.5
	Agree	20	18.9	18.9	94.3
	Strongly agree	6	5.7	5.7	100.0
	Total	106	100.0	100.0	

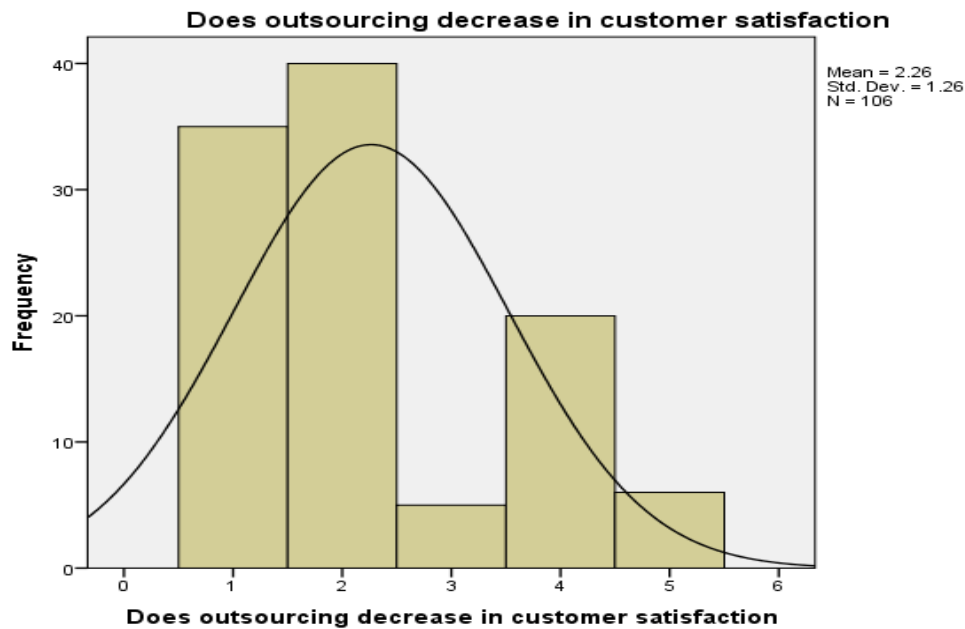


Figure 4.1.15: Does outsourcing decrease in customer satisfaction

The data shows that, 40(37.7%) of respondents disagreed that, outsourcing not affect DART and NICTBB in term of customer satisfaction, 35(33%) were strongly disagreed, while 20(18.9%) were agreed, 6(5.7%) were strongly agreed and 5(4.7%) were not sure from the question. Therefore, majority of respondents were disagreed that outsourcing does not affect the said projects in term decrease customer satisfaction.

Table 4.2.16: Outsource faced with violations of confidentiality by organization to which they had outsourced

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	13	12.3	12.3	12.3
	Disagree	13	12.3	12.3	24.5
	Not sure	1	.9	.9	25.5
	Agree	40	37.7	37.7	63.2
	Strongly agree	39	36.8	36.8	100.0
	Total	106	100.0	100.0	

Outsource faced with violations of confidentiality by organization to which they had outsourced

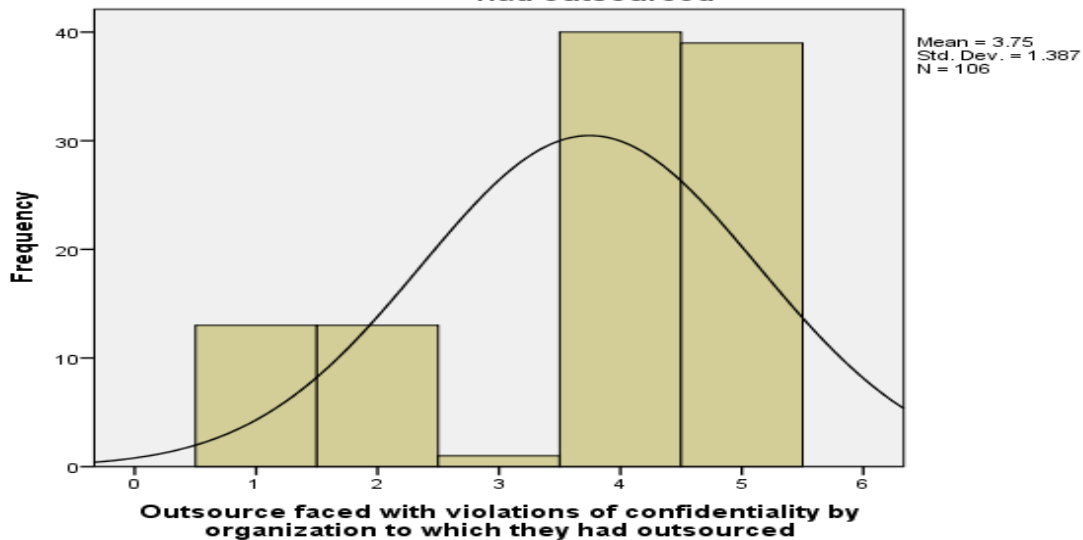


Figure 4.1.16: Outsource faced with violations of confidentiality by organization to which they had outsourced

The results on table 4.2.16 and figure 4.1.16 above shows that, 40(37.7%) of respondents were agreed that outsourcing strategy has effect on DART and NICTBB, 39(36.8%) were strongly agreed, 13(12.3%) were disagreed and strongly disagreed, while 1(0.9%) were not sure. On top of that, outsourcing strategy brought effect on DART and NICTBB projects by causes violations of confidentiality in the organization to which they had outsourced.

Table 4.2.17: Loss of control over the quality of work produced

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	17	16.0	16.0	16.0
	Disagree	29	27.4	27.4	43.4
	Not sure	60	56.6	56.6	100.0
	Total	106	100.0	100.0	

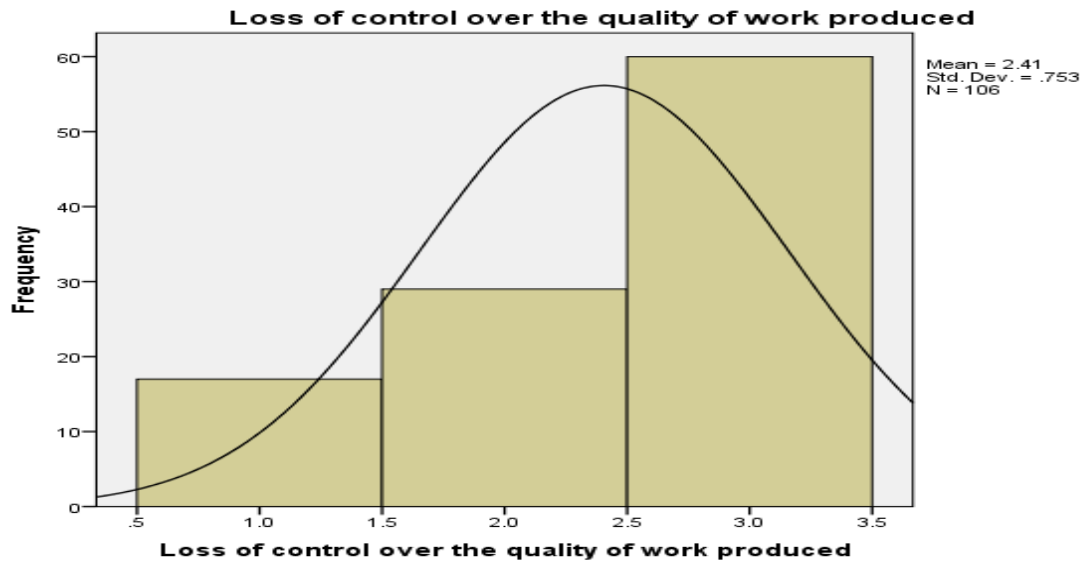


Figure 4.1.17: Loss of control over the quality of work produced

The results shows us that, 60(56.6%) of respondents were not sure if outsourcing will cause effect on DART and NICTBB projects, 29(27.4%) were disagreed and 17(16%) were strongly disagreed. Hence outsourcing will not cause loss of control over the quality of work produced on the said projects.

Table 4.2.18: Outsourcing it reduces employment opportunity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	5.7	5.7	5.7
	Disagree	9	8.5	8.5	14.2
	Not sure	1	.9	.9	15.1
	Agree	53	50.0	50.0	65.1
	Strongly agree	37	34.9	34.9	100.0
	Total	106	100.0	100.0	

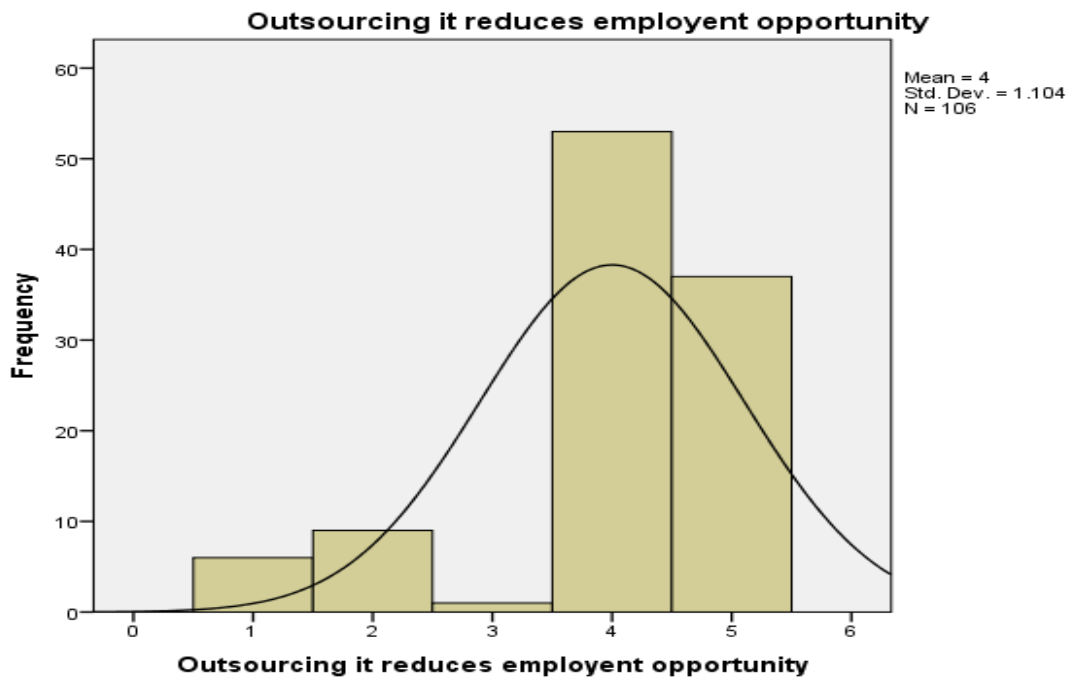


Figure 4.1.18: Outsourcing it reduces employment opportunity

From the table 4.2.18 and figure 4.1.18 above shows that, 53(50%) of respondents were agreed that, outsourcing affect DART and NICTBB and reduce employment opportunity. 37(34.9%) were strongly agreed, 9(8.5%) were disagreed, 6(5.7%) were strongly disagreed and 1(0.9%) was not sure. Therefore, the two project thus DART and NICTBB has an effect and can reduce employment opportunity.

4.5 Results of Correlation between dependent and independent variables of DART and NICTBB Commitment and outsourcing strategy.

The focus of this study is examining the relationship between employee from DART and NICTBB commitment and outsourcing strategy. Spearman`s rho Analysis was used to substantiate the existence relationship amidst the independent variable i.e. employee from DART and NICTBB commitment (Cost reduction, employee innovation and employee core competence) and the dependent variable outsourcing strategy (quality and productivity) as shown in Table 4.2.19 **Results** revealed that the

Pearson Correlation Coefficient matrix for the relationship between **employee innovation**, **outsourcing strategy** and operational cost on outsourcing strategy for two-tailed test were **significant** and **positive related**, ($r = 0.275^{**}$ $p < 0.002$, 0.797^{**} $p < 0.00$ and 0.718^{**} $p < 0.00$) respectively.

However, result shows that relationship between **operationa cost** with outsourcing strategy is not significant to all explainable variables. This result indicates that there is a relationship which is significant and positive between cost reduction and operation cost on outsourcing strategy for DART and NICTBB.

Furhthermore correlation analysis found slightly significant impact on employee core competence, and employee innovation with work qualification ($r = 0.507^{**}$ $p < 0.000$, $r = .457^{**}$ $p < 0.000$ and $r = 0.374^{**}$ $p < 0.000$) respectively. Results found no significant relationship between employee core competence with employee performance ($r = .082$). In additional, results shows strong relationship between cost reduction with operation cost ($r = .366^{**}$ $p < 0.001$) and slightly significant relationship between employee innovation with work productivity ($r = .718^{**}$ $p < 0.002$). Furthermore there was no relationship found between employee core competence with operation cost ($r = .175$).

Table 4.2.19 Spearman`s rho Correlation Matrix

			Operatio nal cost	Employee innovation	Employee core competence	Outsourcing strategy	Workers qualification
Spearman's rho	Operatio nal cost	Correlation Coefficient	1.000	.025	.175	.224	.166
		Sig. (2-tailed)	.	.815	.115	.144	.283
		N	106	106	106	106	106
	Employee innovation	Correlation Coefficient	.025	1.000	.082	-.020	-.019
		Sig. (2-tailed)	.815	.	.488	.905	.906
		N	106	106	106	106	106
	Employee core competen ce	Correlation Coefficient	.175	.082	1.000	.507**	-.313
		Sig. (2-tailed)	.115	.488	.	.000	.053
		N	106	106	106	106	106
	Outsourci ng strategy	Correlation Coefficient	.224	-.020	.457**	1.000	.374**
		Sig. (2-tailed)	.144	.905	.000	.	.000
		N	106	106	106	106	106
	Workers qualificatio n	Correlation Coefficient	.166	-.019	-.313	-.574**	1.000
		Sig. (2-tailed)	.283	.906	.053	.000	.
		N	106	106	106	106	106
	Cost reduction	Correlation Coefficient	.366**	.275**	.118	.718**	.797**
		Sig. (2-tailed)	.001	.002	.230	.000	.000
		N	106	106	106	106	106

** Correlation is significant at 0.01 levels (2-tailed test)

4.6 Results of Multiple Regression Analysis

Multiple Regression Analysis was performed to test the relative strength of the relationship between values of independent variable from the values of dependent variables. The results of multiple regression analysis reflected in Table 4.2.20. The value of Adjusted R square is 0.209, which shows that Outsourcing strategy has 20% influences on DART and NICTBB employee commitment (operational cost, employee innovation and employee core competence). Results show that outsourcing strategy performance has a significant relationship on operational cost and employee innovation ($\beta = .283$, $p=0.002$) and ($\beta = 0.259$, $p= 0.003$) respectively. Outsourcing strategy performance has no significant impact to employee core competence compared to operational cost and employee innovation. ($\beta =.212$, $p=0.010$). These findings show that outsourcing strategy performance has a significant and positive relationship on two dimensions of DART and NICTBB project (operational cost and employee innovation).

Table 4.2.20: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.449	.355		9.708	.000
	OC	.219	.119	.283	7.609	.002
	EL	.169	.087	.259	6.758	.003
	ECC	.095	.108	.212	4.162	.010

a. Dependent Variable: Outsourcing strategy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 ^a	.213	.209	.152

4.7: Multiple regression analysis

Table 4.2.21 shows that in the Outsourcing strategy variables have 34% effect on operational cost. Results show that **age** and **working experience** has positive and significant relationship on operational cost ($\beta = .20$, $p= 0.044$) and ($\beta =.103$, $p=0.042$) respectively. The findings show that **academic qualification** and **marital status** has negative effect on operational cost while other gender has no relationship with operational cost.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.061	.520		2.042	.044
	Gender	.152	.141	.087	.989	.840
	Age	.022	.108	.020	1.771	.044
	MRST	-.215	.149	-.114	1.443	.152
	AQ	-.060	.082	-.066	-.733	.465
	WE	.115	.100	.103	1.940	.042
	EC	.170	.129	.127	1.318	.106
	EL	.627	.113	.537	5.554	.000

a. Dependent Variable: OC

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637 ^a	.406	.346	.6910

4.8 Discussion of the Findings

The present study examined the benefits and effects of outsourcing strategy on project performance in Tanzania. The findings show that most of the respondents feel relaxed on their work and have high operational cost and employee innovation which entailed to high project performance in terms of quality and productivity. In line with research question 1 about how does outsourcing affect operational cost in selected parastals in Tanzania, result found to be high to the most of employees it revealed to Wisniewski,(2001) found that outsourcing can affect operational cost to be low.

In line with research question 2 to what extent does outsourcing strategy improve project efficiency, the findings revealed positive and significant relationship between operational cost and employee innovation with outsourcing strategy performance. However, results revealed non significant relationship between employee core competence on work performance on outsourcing project.

This findings are in line with previous emperical works of Carey et al,(2006), Kamyabi and Devi,(2011) who affirmed that employee on certain project commitment dimensions; operational and innovation have positive and significant relationship with outsourcing strategy. However, the results is contrary to the findings of Foster (1999) who studied the how the project will benefit after outsourcing in term of skills and time. They found no relationship that associate between work performance with employee commitment. Both operational and employee innovation were found un-related to outsourcing strategy for project performance.

In line with research question 3 does outsourcing benefit employee's attitude and contribute on national income, the findings confirmed that age and working experience of the respondents were positively related to the project performance and commitment to high degree of significance. This implies that older employees are more committed compared to their younger counterparts. Hence, age of respondents have impact on outsourced project. The findings support study conducted by Brown and Wilson, (2012) who revealed that employee on outsourced project will benefit their attitudes and can contribute on national cake.

Furthermore, results show a negative correlation between marital status and academic qualification of the respondents with employee on that outsourced project. The findings support previous work by (Hill 2007) who concluded that if the project be outsourced, it can reduce cost regardless on the age of employee on that project does not vary according to marital status of individual. Also this study is in line with findings of Elmuti(2003) who have pointed that there is strong correlation between educational status and employee innovation, thus can reduce cost of operation.

In additional, this study support findings by (Abraham and Taylor 1996) who investigate outsourcing might provide a feasible strategy if firm intend to save on labor cost. They found that employee on certain organization their commitment level will increase due to outsourcing. Furthermore, Evans and Lindsay (2001) study found the relationship between decision on the asset into the project, thus assert that the commitment to outsource can facilitate to increase productivity for the business. This results support findings of Gorzing and Stephan (2002) who found that a firm that commit in outsourcing enjoy benefits in regards of increased return per employee.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section of this research gives an overview of the whole research work as this starts with the summary of the work from the first chapter to the last chapter, the findings that are to be looked at from the theoretical and the empirical point of view, the conclusion of this research work, recommendations that were proffered by the researcher as a way by which more research will have a benchmark or point of reference after this research work as to what is expected from them, suggestions were also made for further studies.

The aim of this study is to scrutinize and examine the benefits and effects of outsourcing strategies on project performance in Tanzania.

5.2 Summary of findings

The primary purpose of the study was to examine the benefits and effect of outsourcing strategy on project performance in Tanzania. The findings have provided benefits and effects that DART & NICTBB have achieved through outsourcing. Also, the data analysis were conducted to find the correlation and relationship based on the research conceptual and analytical model. The variables of independent and dependent which were (operational cost, employee innovation, employee core competence, and employee performance) were been considered to find out the significance of the outsourcing strategy (quality and productivity). Various statistical techniques used to analyze data derived from objectives of the study. The questions of the research were successful answered. The study findings show that majority of the respondents 50.9% were aged between 31-40 years. Dominant respondents were male comprising 58.5%. On the other hand, the findings revealed that 80.2% of the

respondents were married. In addition, 45.3% of respondents were university graduates with master degree.

The following are the summary of the findings of the research from the research objectives.

- The purpose of this study is to reveal the benefits and effects of outsourcing strategy. Based on the findings, the results reveal that DART & NICTBB have enjoyed number of benefits and effects of outsourcing as mentioned in literature review. For-instance:-
 - Cost reduction,
 - Cost management,
 - Access of experts and technologies,
 - Focus on core area, etc.

However, the findings revealed that there is miss-match of some of the benefits and effects that literature review has cemented. It is deemed that DART & NICTBB have not enjoyed the following benefit, which is:-

- Risk sharing.

Therefore, DART & NICTBB must review their outsourcing strategy to those parties which are directly affect end users such as Price charging, service levels, and quality of the service. Also, the apportionment of risks should be considered and distributed based on financial capability and experience on handling the outcomes.

- According to the findings on Correlation analysis, which is purposely conducted to find out the relationship between independent and dependent variables of the proposed conceptual framework and analytical model of this research revealed that:-

- The commitment level of employees of DART and NICTBB to the project is slightly high. It revealed that majority of the employees are satisfied with the needs to outsource and believed that the outsourcing strategy encourage their performance.
- The benefits that have been mentioned in the Literature Review especially on **operational cost, cost management, employee innovation** as well as **employee core competence** have cemented that there essential significance and correlation to outsourcing strategy (**work quality and work productivity**). Key employees believe that if outsourcing strategy will be improved even better than before, this will improve work performance, quality and productivity.
- Also, to make the outsourcing strategy even the best strategy, age and working experience of employees (Experts) have to be prioritized on the particular project activities. This is due to the results obtained in the correlation analysis. It revealed that there close relationship and positive significance between working experience and outsourcing strategy on particular project activities.

5.3 Conclusion

As the study intended to come up with benefits and effects of outsourcing strategy on project performance in Tanzania particularly in DART & NICTBB projects, in-order to tackle challenges facing majority of government and private projects in Tanzania once outsourced. As what have been provided in problem statements sub-topics of this research, shows that the *trend to outsource especially in parastatal projects occur without in-depth analysis*. Through the findings towards benefits and effects of outsourcing strategy, it shows that DART & NICTBB enjoys variety of benefits and effects of outsourcing which lead them to minimize cost of operations and increase performance. However, the study agrees with the problem statements on lack of in-depth analysis. Based on the findings prove that outsourcing management (clients) does not analyze the benefits that can directly be enjoyed by the end users. It is deemed that those organization that have been outsourced to deal with customer directly as price charging, are providing services without analysis on the affordability of their customers' ability to pay. This can lead to increase short-term profits to both vendors and clients, but in long run it decreases customer loyalty and satisfaction. Moreover, project parties (Client & Vendor) are not conducting enough assessment on strengths and weaknesses of a part that will be imposed to manage risk. The apportionment of risk does not allow risk sharing in the projects. This can also be a challenge and must be considered in the future entrants of other project activities, since other phases of these project are still on hold.

However, the benefits and effects presented in the findings prove outsourcing is a magnificent strategy since revealed that combining many activities at once and to operate them all by a single organization is not advised if an organization are capable to outsource. By outsourcing this will lead the organizations to do the core project effectively and efficiency. It will also be an opportunity for outsourcing vendors to venture into the areas in which needs of DART and NICTBB would be met.

By these information provided from the findings, the research is reckoned to be helpful in providing information on outsourcing to academician, workers and entrepreneurs on the essence of conducting in-depth analysis before outsourcing in both parties, from organization itself (client), vendors and end users (customers) to achieve the objectives of the projects with less stress.

5.4 Recommendations

The following recommendations have been summarized, in regards with the research findings.

- (i) The objectives of this study have been met, since it makes all the necessary variables to be assessed and were able to show the significance and relationship of each other due to analysis conducted. Reducing cost of operation has stood still as core objective of the outsourcing strategy. Therefore, client (project management) should thrive to come up with clear project frameworks and priorities for choosing vendors that will meet the objectives in the area of need.
- (ii) DART & NICTBB customers' relationship must be put into consideration and encourage in-depth analysis before outsourcing. The end-products and services must have concern of stakeholder's consensus on willingness to pricing. This will encourage attainment of long-term objectives at the same time will encourage more patronage to be efficient in-terms of pricing and service quality. The finding revealed that Knowledge process outsourcing affect customers' relationship.
- (iii) The benefits and effects of outsourcing strategy on DART & NICTBB were essential and achieved in large percentage. Thus, outsourcing should be taking place on the necessary aspects of the project to avoid reduction of profit level and same time to maintain customer loyalty. The finding in the study has shown that the adoption of appropriate outsourcing strategies affects corporate profitability.

- (iv) As the finding revealed that age & working experience of experts have greater significance to project successful completion with a goodwill. A project as NICTBB which directly deals with information technology, should undertake outsourcing strategy to a reputable vendor who will hold the confidentiality of their customers. This will help the outsourcing strategy to affect the projects to perform positively.
- (v) The findings showed that Risk Sharing were not essential in these projects. DART & NICTBB must practice risk management in a broader view. Each parties involved in an outsourcing must be carefully assessed in-terms of financial capability and competences or experiences to tackle risks when arise. Ultimately, client should not only apportion all the risks to vendors without comprehending his or her weaknesses as well as strengths.

5.5. Suggestions for Further Studies

This project research focused on the Benefits and effects of outsourcing strategies on project performance in Tanzania particularly on DART and NICTBB projects. The researcher therefore suggests that further studies in this research topic can be carried out on a larger population including the consideration of other service firms as the hospitals and financial services system of Tanzania.

The researcher also suggests that further studies can be carried out on related topics like the 'the impact of outsourcing strategies on the sustainability of multinational projects. Furthermore, due to contradiction of results with other researchers arguments, future research may further study and analyse this relationship using intermediate variable to get a clear picture of the antecedents and consequences of outsourced employee.

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Section B: Benefit of outsourcing

Note: Use the following scale in this section:

Please rate the benefits of the outsourcing according to five scale of strongly disagree (1) Disagree (2) Not sure (3) Agree (4) strongly agree (5)

No.	Statement	1	2	3	4	5
1.	Outsourcing has led to cost reduction in this projects					
2.	Outsourcing improves cost management					
3.	Outsourcing encourages employee innovation					
4.	Outsourcing has helped to increase productivity					
5.	Outsourcing maintains competitive in the market					
6	Outsourcing allows company to focus on core areas					
7.	Outsourcing has helped to increase efficiency					
8	Outsourcing has helped to improve infrastructure					
9	Outsourcing has helped to improve technology					
10	Outsourcing strategy helps a firm to access to skilled resource					
11	Outsourcing strategy provide faster and offer better service to user					
12	Outsourcing strategy helps to share risk					
13.	Outsourcing strategy facilitates flexibility to change					

Section C: Effect of outsourcing

Note: Use the following scale in this section:

Strongly disagree (1) Disagree (2) Not sure (3) Agree (4) strongly agree (5)

Please show your level of agreement to indicate the extent to which the following statements have been applying your organization/Project by ticking your response corresponding to the number in the scale given above in box against statement.

No.	Statement	1	2	3	4	5
1.	Although companies see an immediate benefit to the bottom line when outsourcing, there are often hidden costs that can negate any of those savings					
2.	Decrease in customer satisfaction					
3.	Outsourcing almost always means job eliminations, which can have a negative effect on morale, loyalty and productivity among the employees who remain.					
4.	Outsource faced with violations of confidentiality by organizations to which they had outsourced					
5.	Loss of control over the quality of work produced.					
6.	Vendor may misunderstand the project requirements and deliver a product that doesn't meet the company's needs					
7.	The reason of some companies which use outsourcing is because it will lessen their needs to maintain facilities and they are not taxed, it will allow them to focus on the core competencies of the company,					
8.	Outsourcing it reduces employment opportunity					